SECURITIES AFRICA
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PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

We have included summaries for the countries listed below, please click on the country name should you wish to navigate to it directly:

- Botswana
- Egypt
- Ghana
- Kenya
- Malawi
- Mauritius
- Nigeria
- Tanzania
- Zambia
- Zimbabwe

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	12-Aug-16	19-Aug-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	9597.26	9504.24	-0.97%	-0.96%	10602.32	-10.36%	-2.86%
Egypt	CASE 30	8377.71	8317.17	-0.72%	-1.04%	7006.01	18.71%	4.40%
Ghana	GSE Comp Index	1807.00	1810.89	0.22%	0.19%	1994.00	-9.18%	-11.93%
Ivory Coast	BRVM Composite	285.79	283.42	-0.83%	0.26%	303.93	-6.75%	-3.86%
Kenya	NSE 20	3449.44	3462.56	0.38%	0.41%	4040.75	-14.31%	-13.58%
Malawi	Malawi All Share	12913.40	13165.26	1.95%	2.27%	14562.53	-9.59%	-18.26%
Mauritius	SEMDEX	1830.35	1810.22	-1.10%	-0.77%	1,811.07	-0.05%	2.62%
	SEM 10	351.73	346.16	-1.58%	-1.26%	346.35	-0.05%	2.61%
Namibia	Overall Index	1066.69	1051.75	-1.40%	-1.43%	865.49	21.52%	40.42%
Nigeria	Nigeria All Share	27246.98	27650.32	1.48%	0.66%	28,642.25	-3.46%	-40.89%
Swaziland	All Share	368.21	368.21	0.00%	0.53%	327.25	12.52%	30.75%
Tanzania	TSI	4005.81	4006.43	0.02%	0.10%	4478.13	-10.53%	-11.52%
Zambia	LUSE All Share	4592.44	4504.83	-1.91%	2.38%	5734.68	-21.45%	-12.87%
Zimbabwe	Industrial Index	99.59	99.83	0.24%	0.24%	114.85	-13.08%	-13.08%
	Mining Index	26.35	26.35	0.00%	0.00%	23.70	11.18%	11.18%

CURRENCIES

Currency	12-Aug-16 Close	19-Aug-16 Close	WTD % Change	YTD % Change
BWP	10.19	10.19	-0.01	8.36
EGP	8.85	8.88	0.32	-12.06
GHS	3.92	3.92	0.03	-3.02
CFA	588.63	582.24	-1.09	3.10
KES	99.69	99.67	-0.03	0.86
MWK	713.43	711.21	-0.31	-9.58
MUR	33.90	33.79	-0.33	2.66
NAD	13.32	13.33	0.03	15.56
NGN	319.61	322.22	0.82	-38.77
SZL	13.32	13.25	-0.52	16.20
TZS	2,141.24	2,139.51	-0.08	-1.10
ZMW	10.30	9.87	-4.19	10.92

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's consumer inflation was flat at 2.7 percent year-on-year in July, unchanged from June, data from the statistics office showed on Monday. On a month-on-month basis, prices rose 0.1 percent in July after a 0.2 percent increase the previous month, Statistics Botswana said. *(Reuters)*

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Egypt

Corporate News

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Economic News

Egyptian President Abdel Fattah al-Sisi said on Saturday he was committed to pushing through the reforms necessary to turn the economy around and cut public debt, days after Egypt negotiated a $12 billion loan programme with the International Monetary Fund. The IMF said on Thursday it had agreed in principle a three-year facility to support comprehensive government reforms. But the deal is subject to final approval by the IMF executive committee, and disbursement is linked to progress on a variety of reforms. They include subsidy cuts, the introduction of value added tax (VAT) and a shift to a more flexible exchange rate regime. Successive governments have shied away from cutting subsidies, a politically explosive issue in a country where tens of millions rely on state-subsidised bread. Efforts to reduce the aid in the 1970s led to bread riots. Speaking at the opening of a factory in Alexandria, Sisi said that experience would not deter him from pushing through painful reforms. "The first effort at reform came in 1977, and when it was not accepted by the citizens, all the governments hesitated to make reform efforts, afraid of the reactions," Sisi said. "It is not only you who will judge me. God will also judge and so will history ... All the difficult decisions that many hesitated to take over many years, that they were afraid to take, I will not hesitate to take for one second."

In 2014, Egypt began a programme to eliminate energy subsidies over five years. The government on Monday announced new increases in electricity prices. A VAT bill is in parliament, where it has faced significant opposition from lawmakers concerned about the impact on prices in a country where headline inflation is at 14 percent. Sisi said that repeated wars over the decades had set back Egypt's economic development and that the uprising that ended Hosni Mubarak's 30-year rule had shaken the economy. He blamed terrorist attacks over the decades for holding back tourism and said there was a need to end corruption. Sisi also said that a bloated public payroll had contributed to the country's deficit and hinted at looming increases in the cost of riding Cairo's underground trains. He also promised that programmes were underway to protect the poorest from the impact impending reforms. *(Reuters)*

Blumberg Grain said its mega project to store Egyptian grains was back in play, with the government to announce a final decision in two weeks, after earlier indications that plans had been shelved and the company might exit the country entirely. The decision comes as Egypt, the world's largest wheat importer, remains mired in controversy over its wheat supplies, with industry officials claiming that over 2 million tonnes of the 5 million tonnes of wheat procured locally in this harvest may exist only on paper. If Egypt's local wheat procurement numbers were misrepresented, it may have to spend more on foreign wheat purchases to meet local demand - even as the country faces a dollar shortage that has sapped its ability to import. The grain logistics company has said the tracking and monitoring capabilities of its high-tech storage systems would crack down on the type of fraud seen in this year's local procurement, which involves private silos sharply overestimating their wheat stocks to boost government payments. Blumberg Grain completed the first phase of the project earlier this year, delivering 93 systems to process and monitor about a quarter of the country's crop. But a series of bureaucratic hurdles prevented the sites from coming online in time for the procurement now under investigation. Egypt's supply minister said last month that the second phase, which includes an additional 300 storage systems, had been rejected by the state's Holding Company for Silos and Storage. Blumberg Grain nonetheless said it is now optimistic about the project moving forward following a meeting with the prime minister and despite the pending resolution of "modest issues that stand in the way", Blumberg Grain's CEO for the Middle East and Africa, David Blumberg, told Reuters this weekend. "Given the high impact of this project, and the Sisi administration's emphasis on combating corruption, the need to increase hard currency, and help farmers, we are confident that the Egyptian government will do everything in its power to ensure the rapid development of the entire shouna (storage site) network," Blumberg said.

The company said however that if the second phase is not signed, it would halt plans to establish Egypt as its regional export hub and for a $250 million investment allocation for projects that include a manufacturing plant in East Port Said. The plant would be the first located in Egypt's much-touted Suez Canal Economic Zone, on which the government has pinned hopes of building a re-export hub that will draw badly needed hard currency but which has so far struggled to secure foreign investors. A parliamentary fact-finding committee investigating the wheat procurement scandal is expected to deliver its final report to the head of parliament on Sunday, committee member Yasser Omar told Reuters. Among the report's recommendations is that all private storage areas include monitoring capabilities similar to those of the Blumberg sites in order to prevent a repeat of this year's fraud, Omar added. The minister of supplies said last month his ministry had finalised inspections at storage areas and that only 4 percent of the value of this year's harvest was missing. *(Reuters)*

Egypt's spending on petroleum subsidies fell by 23 percent in 2015/16 to 55 billion Egyptian pounds ($6.27 billion), Tarek al-Hadidi, head of state oil company EGPC, told Reuters on Monday. Egypt has been trying to lower subsidies which eat up a big chunk of the state budget. Petroleum product subsidies cost 71.5 billion pounds in 2014/15. Egypt aims to lower this to about 35 billion in the financial 2016/17 which began last month. "Petroleum product subsidies have decreased to 55 billion Egyptian pounds in 2015/16 from a targeted 61 billion pounds. The reason for the decrease is lower global oil prices," al-Hadidi said. In 2014 the government cut spending on energy subsidies, causing domestic prices of natural gas, diesel and other fuels to rise by as much as 78 percent. *(Reuters)*

Egypt's central bank held the pound steady against the dollar at its regular foreign currency sale on Tuesday, as the currency strengthened slightly on the black market. The bank sold $118 million at the unchanged rate of 8.78 per dollar. Egypt is facing an acute dollar shortage which saw its foreign reserves fall to $15.5 billion in July, near a critical level that would cover only three months worth of imports. A widening gap between official and black market rates for the dollar has increased pressure to devalue the currency. Two black market traders said they were selling dollars at 12.50 pounds per dollar, but did not give volumes of trade. Egypt has reached a staff level agreement with the International Monetary Fund over a $12-billion three-year lending program that it hopes will plug its funding gap and restore market confidence as well as lure investment that could help ease its currency crunch. *(Reuters)*

Egypt's telecoms industry regulator has approved the final terms for 4G mobile broadband network licences and will send the forms out to licensee companies on Sunday, a senior official at Egypt's Telecommunications Ministry told Reuters. "The telecom regulator approved the final terms of the 4G licences yesterday," the official said, adding that companies would have until midday on Sept. 22 to accept them. The official said that while the companies that obtain the licences will be granted additional frequencies there will be no change in the pricing or the condition that 50 percent of the payment must be made in U.S. dollars. In June the regulator had offered 4G licences to Telecom Egypt and the three companies currently offering mobile services - Orange Egypt, Vodafone Egypt and Etisalat. The regulator gave the companies until the first week of August to submit responses but only received a response from Telecom Egypt, which gave its final approval on August 7. A company source said at the time that Telecom Egypt would pay the full amount requested by the regulator, but declined to give the price. Communications and Information Technology Minister Yasser al-Kadi said in June the government hoped to raise a total of 22.3 billion Egyptian pounds ($2.5 billion) in licence fees. *(Reuters)*

Egypt is to receive a $2 billion deposit from Saudi Arabia, International Cooperation Minister Sahar Nasr said on Thursday. She did not specify when the money was expected to arrive, saying in a message: "We only signed two months ago." *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

President John Dramani Mahama has assured that Ghana will come out of the three-year programme with the International Monetary Fund (IMF), with a single digit inflation and a low budget deficit. Speaking at the National Democratic Congress' (NDC) Campaign launch for the 2016 elections in Cape Coast, President Mahama maintained that, government has been able to abide by most of the conditions set by the IMF board. "Our programme with the IMF ends next year. We will come out of it with a more robust economy. Since January, we've been implementing zero central bank financing. We will come out of the IMF programme next year with inflation at single digit, a deficit to GDP below 3 percent," he assured. He added that, the economy will show a rebound with debt to GDP ratio below 3 percent, a stable currency, and a significantly lower interest rate. Ghana last recorded single digit inflation in January 2013, recording 8.8 percent. Inflation for July 2016 was 16.7 percent. President Mahama explained that, government has already financed all of its expenditure till now, without support from the Bank of Ghana. "This is unprecedented in the history of Ghana. What it means is that, we have financed government's expenditures this year up till now from Ghana's own revenue," he said. Pointing to recent records, President Mahama stated that, government has made improvement on major economic indicators such as inflation, interest rates and exchange rate since 2013. "In 2013, we were running a budget deficit of close to 12 percent. Rising inflation and depreciating currency and spiraling interest rate. This created a negative outlook for both domestic and international investors," he said. He stated that government had to take a bold decision to remedy the situation by going to the IMF. *(Ghana Web)*

Ghana's state oil firm is prepared to sell crude from its new TEN field to the country's under-supplied refinery, instead of shipping it all offshore as it currently does, its chief executive said on Tuesday. Alex Mould told Reuters the Ghana National Petroleum Corporation (GNPC) would be subject to the refinery's ability to meet its requirements, including ensuring the refinery, which suffers periodic financial troubles, pays up. "We are prepared and willing to supply crude to the Tema Oil Refinery and any other eligible bulk consumer in Ghana ... if they meet these requirements," he said, adding that such a deal would lower the refinery's cost and boost energy security. GNPC holds a 15 percent stake in addition to government royalties in the Tweneboa, Enyenra and Ntomme (TEN) offshore field, which is due to produce its first oil on Thursday and aims for average production of 80,000 barrels per day. Oil output at Ghana's pioneering Jubilee field, which like TEN is operated by Tullow Oil, is around 100,000 barrels per day (bpd). Yet all of it goes to foreign buyers, mostly China, while its domestic refinery struggles to bring in enough crude to run at full capacity. The 45,000 barrel-per-day Tema Oil Refinery has repeatedly shut when it couldn't procure crude for processing, although failure to manage debt arrears has also disrupted its operations. Ghana, which also exports cocoa and gold, is currently implementing a three-year emergency aid programme with the IMF after a fall in oil prices hurt its revenues, so the TEN field comes on tap at a welcome time. The country is yet to fully recover from power shortages that have crippled industries and made the government unpopular ahead of elections this year, and some of which were linked to a shortage of fuel for its generators. *(Reuters)*

Ghana is on target to halve its fiscal deficit this year after its $918-million aid deal with the International Monetary Fund, Finance Minister Seth Terkper said on Wednesday. His comments appeared designed to allay uncertainty over the deal that emerged this month when parliament rejected a key component that was designed to promote fiscal discipline. The following day the government suspended a planned Eurobond issue. The government issued a bill to eliminate central bank financing of the budget deficit in line with the requirements of the deal but on Aug. 2 parliament passed the bill with an amendment allowing financing of up to 5 percent. Ghana's public debt eased to 63 percent of GDP in May from 72 percent at the end of 2015, while consumer inflation dropped to 16.7 percent in July from 19 percent in January, Terkper said, citing the impact of the deal that began in April 2015. The central bank expects inflation to slow to 8 percent, plus or minus two, by September 2017. "We are set to halve the deficit from 12 percent in 2012, and we have also started stemming the rate of growth of the public debt," he told a meeting of private businesses in Accra. Ghana, which exports cocoa, gold and oil, signed the assistance programme to bring down inflation and the budget deficit and stabilize the currency. Terkper said the debt stock could rise marginally to 65-66 percent of GDP on planned disbursements towards the end of the year but will remain below 70 percent. Ghana pulled out of a planned five-year $500 million amortising Eurobond this month because investors demanded a yield higher than the single digits the government had expected. Terkper led the government finance team on the deal and said his team only suspended pricing of bids. "We did not call off the 2016 bond .... What we did was to suspend pricing .... We must sometimes hold our nerves when we're in the capital market to look for the right window before we strike in order to get the best results," he said. Ghana will on Thursday begin pumping oil from a second offshore oil field, Tweneboa-Enyenra-Ntomme or TEN, in addition to its flagship Jubilee production which began in late 2010.*(Reuters)*

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Kenya

Corporate News

Uchumi Supermarkets has suspended indefinitely plans to raise Sh5 billion from a strategic investor, betting on the proposed injection of Sh1.2 billion from the government to continue operating. Chief executive Julius Kipng'etich said the company's negative net worth made it difficult to get a deep-pocketed investor whose entry would have also caused a major dilution of existing shareholders. He added that a rights issue is also difficult in the context of the share price collapse to the current level of Sh4 on the Nairobi Securities Exchange (NSE). "Getting a strategic investor now will be punishing existing shareholders," Mr Kipng'etich told Business Daily. "We plan to use the government cash injection to get out of our current position." Details of the proposed government intervention are yet to be announced, with the cabinet having scheduled to discuss the matter last week. If the Sh1.2 billion comes in the form of equity, the government's stake will rise from the current 14.6 per cent and dilute other shareholders including Jamii Bora Bank. The government says the cash injection will be accompanied by prosecution of former Uchumi executives –accused of mismanagement— based on the findings of a forensic audit report. The retailer has scaled down its operations significantly, closing several stores amid increased liabilities including supplier debt. Uchumi emerged with a negative equity in the half year ended December as total liabilities surpassed its assets by Sh181.8 million.

It became the second publicly traded company to have negative shareholder equity after national carrier Kenya Airways. This means Uchumi's shareholders would not get a cent if the company was to be liquidated, as some creditors have demanded. The retailer's debts stood at Sh6.3 billion in December against a total asset base of Sh6.1 billion, leaving it in the negative equity equivalent to Sh0.49 per share. Uchumi is currently relying on the goodwill of creditors to keep operating, with the government saying its cash injection plan will also accommodate the interests of suppliers. "The second point … is that suppliers will not be harmed by this re-organisation, and injection of cash. Great care has been taken to protect their interests," State House Spokesperson Manoah Esipisu said in a statement announcing the government's plan to rescue the retailer. "The cabinet secretary (Adan Mohammed) and Uchumi management have consulted closely with them, and we are glad to say that whatever plan is presented would have their support." Uchumi, which has relied heavily on bank borrowings to stay afloat, is also selling assets to boost its financial position. *(Nation)*

International money transfers on Safaricom's M-Pesa platform grew 64 per cent to Sh13.1 billion in the year ended March after the telco acquired a license from the Central Bank of Kenya (CBK) to offer outward cash remittances. Safaricom launched M-Pesa services in Tanzania in February 2015, followed by Rwanda three months later after receiving a cash remittance operating licence from the CBK in 2014. M-Pesa was previously limited to receiving cash inflows. The telco, which disclosed the performance in its latest annual report, also entered the Ugandan market last year. It is eyeing a larger piece of the international remittances market that has been dominated by banks and international money transfer firms, some of whom it has partnered with. Statistics from the CBK show that Kenyans living abroad repatriated $861.9 million (Sh86.1 billion) in the six months to June. North America, mainly the US and Canada, remains the leading source of remittance inflows to Kenya, bringing in 49.3 per cent of total diaspora cash, according to CBK data. Safaricom has partnered with several international money transfer firms such as Western Union, Money Gram, BICS, Vodacom and MTN to allow cross border money transfers. *(Nation)*

KenolKobil and British industrial and automotive lubricants manufacturer Castrol have partnered to construct a $15 million (Sh1.5 billion) lubricants factory in Mombasa. KenolKobil sought the partnership believing it to be a cheaper option than importing the lubricants from South Africa, where it has been obtaining the merchandise from. The oil Company's Chief Executive Officer David Ohana confirmed the partnership and adding the budget for the mega project has already been approved by Castrol's management. "The Castrol head office has approved the budget and the project is due to commence," Ohana said during the release of KenolKobil half-year results last Thursday. The construction of the plant is set to begin by mid-2017. Ohana said the factory will have a monthly output of 1,000 tonnes of lubricants and will strengthen KenolKobil's standing in the local petroleum sub sector. British Petroleum (Southern Africa) owns the Castrol brand of lubes in Kenya, and it also runs a smaller lubricants plant in the country that produces a monthly capacity of 600 tonnes of Castrol lubricants.

KenolKobil currently imports the Castrol lubricants from South Africa, attracting an import duty of 25 per cent. The oil firm is keen to cut soaring costs as it aims to strengthen its balance sheet. *(Standard Media)*

National carrier Kenya Airways has partnered with global air transport communications provider SITA to boost connectivity of the carrier across its travel Hubs. Through SITA Connect, the airline will have access to high-speed, secure connectivity, linking employees and sales offices around the world to its central systems to manage everything from reservations, check-in and boarding. "As we seek to position Kenya Airways for the future, we needed a single communications partner that could take care of all our connectivity requirements no matter where we operate," KQ chief executive Mbuvi Ngunze said. "SITA, with its truly global footprint and experience, provided us with a world-class solution supported by a local presence in each destination, connecting even the furthest outstation to our hub in Nairobi." Kenya Airways is seeking to leverage SITA's latest communication technology to drive new efficiencies in the management of its route network while ensuring the best passenger experience across the airline's global footprint. "Today connectivity on demand is the lifeblood of any airline, ensuring the smooth and rapid exchange of information needed to support effective operations no matter where in the world an airline operates, the size of their operation or their business model," said SITA President, Middle East, India and Africa Hani El-Assaad. *(Daily Nation)*

Increased mobile and internet banking helped Co-operative Bank of Kenya increase its pretax profit in the fist half of 2016 by 19 percent to 10.45 billion shillings ($103.08 million), the lender said on Wednesday. The bank, which has its roots in the country's vibrant co-operative movement and also operates in South Sudan, said 87 percent of all customer transactions took place on alternative channels, up from 65 percent a year ago, following a drive to increase usage of mobile and internet banking. "Operational efficiencies resulting from this project have seen our Cost-to-Income Ratio improve from 58.8 percent in December 2015 to 51.4 percent in June 2016," the lender said. Kenya is considered a pioneer of mobile phone-based financial services. It is renowned for M-Pesa, a mobile money transfer service started in 2007 that has grown to offer broader services including small loans and savings accounts, offered in partnership with local lenders. Co-operative said it plans to expand into Rwanda, Uganda, Tanzania and Ethiopia in the next five years, using the joint venture model it used in South Sudan. *(Reuters)*

NIC Bank reported a 2.8 per cent growth in net profit in the half year ended June, weighed down by bad debts which rose 42.5 per cent to Sh12.5 billion in the period. The lender's net profit in the period stood at Sh2.3 billion compared to Sh2.2 billion a year earlier. The increase in defaults saw the Nairobi Securities Exchange-listed firm raise its loan loss provisions 3.6 times to Sh2.1 billion, eroding income from lending and transactions. NIC declared an interim dividend of Sh0.25 per share, same as the payout for the same period the year before. The dividend will be paid on or about October 17 to shareholders on the register as of September 22. The loan loss provisions were the main driver of the 51.5 per cent jump in total operating expenses to Sh5 billion. NIC's loan book expanded by Sh3.8 billion to Sh112 billion, which helped to raise total interest income 27.4 per cent to Sh9.8 billion. Non-interest income, including commissions and forex trading, rose 8.1 per cent to Sh2.1 billion. Interest expenses increased 17.8 per cent to Sh3.7 billion, partly reflecting the 6.5 per cent rise in customer deposits to Sh112 billion. Besides loan loss provisions, most other operating expenses also rose, including staff costs that increased marginally to Sh1.4 billion. NIC said in a statement that branch expansion in the period partly contributed to the rise in operating expenses, noting that it opened six new branches in the period in what led to hiring of more staff.

The branches opened are in Kisii, Kitengela and Nairobi (Upper Hill, Ruaraka, Ongata Rongai and Buruburu), with the new branches raising NIC's total regional network to 41. "This is in line with the bank's strategy to increase its footprint to support more retail and SME customers across the region," NIC said in a statement. The bank, which has subsidiaries in Uganda and Tanzania, said intends to create a non-operating holding company as part of its reorganisation. The restructuring, which has been done by banks like Equity Group, is meant to address operational complexes, seal risk management gaps and overcome restrictions on capital allocation imposed on Kenyan multinational banks.
Kenyan banks are barred from lending to entities in which their shareholding exceeds 25 per cent, but the holding companies are allowed to source for funding for their subsidiaries. Banks are also limited to lending a maximum of 20 per cent of their core capital to associate companies. Non-operating holding companies are however still be subject to regulation by the Central Bank of Kenya.

NIC's share price yesterday closed at a new low of Sh29.5, making it one of the cheapest banking stocks on the Nairobi bourse. *(Business Daily)*

Economic News

At the rate Kenya is borrowing to fund its spending, the East African nation could accumulate more debt than it can afford to repay comfortably, according to the International Monetary Fund. While the nation's current debt stock is sustainable at 49.8 per cent of gross domestic product, the Treasury has at times struggled with cash management because of maturities coming in very close together, Armando Morales, the IMF's resident representative in Kenya, said during a lecture on the country's debt. "At the extreme, if the government continues to accumulate debt at the current rate, it will cross the 50 per cent threshold of sustainability by the year 2024," he said at the Strathmore University in the capital, Nairobi. "But we don't think the government wants this." Kenya has historically been below the standard threshold of 50 per cent of the present value of its future debt obligations, according to Morales. The rise in interest payments was a concern and "something to be watchful about," he said. "You need to look at not just the rise of debt, but also cost of borrowing." While Kenya has been able to borrow at concessional rates of about 1.6 per cent and commercial rates of as low as four per cent, the international markets will start demanding higher returns at some point, Morales said. The yield on Kenyan Eurobonds maturing in 2024 was at 7.37 per cent.

The Government plans Sh462 billion ($4.57 billion) of net external borrowing in the fiscal year through June 2017 and another Sh225.3 billion from the domestic market to plug its spending shortfall, Treasury Secretary Henry Rotich said in his annual budget speech in June. "We expect the Government will move to fiscal consolidation in the medium term -- between 2021 and 2035 -- otherwise the future is going to be bleak," Morales said. Kenya's budget deficit is forecast to climb to 9.3 per cent of gross domestic product in the 2106/17 fiscal year starting on July 1, compared to below eight per cent in the current 2015/2016 financial year, a rise which has unnerved investors. As it sought to raise funds domestically in October and November last year, yields on 91-, 182- and 364-day Treasury bills climbed above 20 per cent, straining state coffers and hitting commercial bank borrowers and companies. Morales said from July 1, Kenya would have a better cushion of domestic funds that had already been raised - more than Sh200 billion- easing some pressure on government finances in the next fiscal year. *(Standard Media)*

Kenya's Treasury opposes a move by parliament to cap commercial lending rates because other measures being put in place will help bring down borrowing costs over time, the finance minister said on Tuesday. Parliament passed changes to the banking law two weeks ago to cap commercial interest rates at 400 basis points above the central bank's policy rate, now 10.5 percent. The changes are awaiting presidential approval. Henry Rotich, the finance minister, told Reuters his ministry preferred to improve the transmission of monetary policy signals to commercial rates and the creation of a central registry for collateral to cut rates, rather than capping them. "Our approach in this issue is to deal with the root cause of why interest rates are where they are in Kenya," he said. The average lending rate was 18.2 percent last month, compared with 15.8 percent in July last year, the central bank said. The central bank cut its policy rate to 10.5 percent in May, having left it at 11.5 percent since July 2015. Rotich said they were working to improve the Kenya Banks Reference Rate (KBRR) to ensure banks were pricing loans correctly. Introduced by the government in 2014 to help rein in high costs of loans by offering a benchmark for banks to price their loans, the KBRR has been criticised widely for failing to help bring down interest rates. "There is more room for refining the KBRR and banks are working on ensuring that the margins reflect the best pricing of loans," the minister said without offering details. He said a law to establish a central registry of collateral would be taken to parliament soon, enabling borrowers to transfer their loans between different banks easily and cutting costs of securing collateral once it is passed. "We think these measures are going to help to bring down rates over a period of time," Rotich said. Kenyan banks have reported rising profits in the last decade, attracting foreign investors. Rotich said the growth of the sector had helped to boost the share of the population with access to formal financial services to 70 percent. "We don't want to rock that boat ... Anything that reverses that would not be a good way to go," he said.

The central bank also opposes capping interest rates saying it could restrict lending. It however wants banks to lower their rates. Rotich said the government's budget deficit for the fiscal year starting last month would be lower than the 9.3 percent approved by parliament, adding they would also raise money in capital markets abroad to avoid putting pressure on local rates by borrowing too much in the domestic market. "Our strategy is to diversify our sources of funding so that we don't borrow heavily domestically," the minister said. *(Reuters)*

Kenyan motorists will pay more for fuel for the next four weeks after the country's energy regulator raised prices, citing the rising costs of petroleum imports. The Energy Regulatory Commission, which sets maximum retail prices for petrol, diesel and kerosene on the 15th of every month, said the costs of importing a tonne of petrol had risen by 3.31 percent It raised the maximum price per litre of petrol in the capital Nairobi by 2.4 percent to 95.13 shillings (94 cents). Diesel and kerosene also went up. Energy and transport costs have a significant weighting in the basket of goods and services used to measure inflation in the East African country. The commission increased the price of petrol by 8 percent in July, obliging ratesetters to hold policy monetary unchanged on July 25. *(Reuters)*

With yields on its existing dollar debt near a record low and global investors clamoring for returns, Kenya should seize the opportunity to wade into the Eurobond market for the second time in two years, according to Aberdeen Asset Management Plc. East Africa's biggest economy will borrow 462 billion shillings ($4.5 billion) from external lenders this fiscal year to help a plug a widening budget deficit, according to budget documents. The country raised $2.82 billion in a debut sale of five-year and 10-year Eurobonds in 2014 and may sell new debt "if an opportunity presents itself," Treasury Secretary Henry Rotich said in June. "If they were looking to issue, this is as good a time as any," said Kevin Daly, a portfolio manager at Aberdeen in London, whose Emerging Markets Debt Fund has outperformed nine out of 10 peers this year, according to data compiled by Bloomberg. Aberdeen added to its holdings of Kenyan dollar bonds in the second quarter, the data show. Yields on Kenya's securities due June 2024 have dropped 105 basis points this quarter, reaching a low of 7.11 percent on Tuesday. The yield rose three basis points to 7.14 percent by 3:58 p.m. in Nairobi. The bonds have gained as global investors pile into high-yielding assets to offset low returns in developed markets. Kenyan debt "has performed well," Daly said, with a return of 15 percent this year, according to Bloomberg indexes. A premium of 50 to 75 basis points above existing debt "would probably get people off their seats," and waiting too long would increase the risk of an emerging-market sell-off pushing yields higher, he said. Kenya would issue a Eurobond if it could get "a good deal in terms of yield and tenure and amounts," Rotich said in a June 27 interview.

The country already secured a $600 million loan from China and a $1.5 billion stand-by facility from the International Monetary Fund this year. General elections set for August 2017, in which President Uhuru Kenyatta is seeking re-election, may raise the cost of issuance if it were delayed until next year, Jibran Qureishi, an economist at Stanbic Holdings Plc., said in a telephone interview from Nairobi. "It makes sense for them to do it before November or December," Qureishi said. "In 2017, political risk premiums would be too high." Kenyatta's government is borrowing to finance projects including a $3.2 billion railway that's the biggest investment in the $61 billion economy since independence in 1963. The budget gap is forecast to widen to 9.3 percent of gross domestic product in 2016-17, from 8.7 percent in the previous year. The economy, benefiting from low prices of crude, may grow by 6.1 percent in 2016, according to government forecasts. *(Bloomberg)*

Kenya's central bank threatened commercial banks with legal action if they submit inaccurate or incomplete data to credit reference bureaus, according to a circular seen by Reuters on Wednesday. Kenyan banks have come under fire in recent weeks for the high costs they impose on borrowers. Two weeks ago, parliament passed a bill to cap the commercial interest rates banks charge. Both the central bank and the Kenyan Finance Ministry oppose the bill, an amendment to the country's banking laws. They argue that caps on lending rates will drive borrowers to informal financial services, increase credit inefficiency and undermine transmission of monetary policy. Credit reference bureaus are one alternative to legal limits on lending rates. They were established in 2010 to help banks gauge the risks of lending, which in turn should help lower the cost of credit for consumers. So far, though, they have not done much to reduce rates. In the circular dated Aug. 10, the central bank accused lenders of failing to submit accurate and complete data to the bureaus and failing to advise their customers when they are listed with the bureaus for defaulting. "Failure to comply with the reporting requirements or any other provision of the CRB regulations will attract enforcement action as specified under the Banking Act," the central bank said in the circular.

The circular plays to the narrative of banking critics, who say the lenders use high interest rates to drive up their profits at the expense of borrowers. Lamin Manjang, the chairman of the Kenya Bankers Association, said the organisation would not stand for any member using the credit reference bureaus to harass borrowers. "It shouldn't be used a tool to punish any borrower, if any such incident happens it is something that as an association we will take very seriously," he told reporters before the central bank's circular was made public. *(Reuters)*

Only eight out of the 63 actively traded listed companies on the Nairobi Securities Exchange (NSE) have made a gain in their share price this year indicating the limited options for investors to enjoy capital gains in the bearish market. I&M Bank, Standard Chartered, Sasini, KenolKobil, Kenya Re, BAT Kenya, Unga Ltd and Safaricom are the only firms that have seen share price growth, with majority of the other listed firms recording double-digit declines in valuations this year. Collectively, the eight firms have seen their market capitalisations grow by Sh221 billion, with Safaricom accounting for the bulk of this gain, having seen its market value go up by Sh198 billion due to a sustained price rally. The other 55 listed firms have collectively lost Sh149 billion in market valuation. The capital losses and gains, however, remain unrealised except for those who have sold their shares. But analysts see the large downturn in prices as an opportunity for investors to buy into companies with an eye on future capital gains. "The bourse continues on its bearish run with majority of counters facing price declines year to date…which presents an opportunity for investors to jump in on fundamentally strong companies for the long term," said Faida Investment Bank in a macroeconomic report issued last month. "We expect local institutional investors to remain cautious in the equities market until global markets' uncertainty subsides," Faida said.

Among the eight companies gaining in price this year, six are by less than 10 per cent, with Safaricom and KenolKobil the only ones to register double-digit growth at 30 and 19 per cent respectively. Safaricom has gained Sh4.95 a share, translating to a market cap gain of Sh198.3 billion. The telco is riding on increased investor interest ahead of payment of a dividend totalling Sh1.44, whose books close on September 2. There remain chances that the price could correct downwards once the books close. "Foreigners have been the main investors focused on the stock, with the aim of locking in the dividend of Sh1.44. Most valuations done on the stock pointing towards it being overpriced still hold water and therefore after the book closure, there is a chance of seeing the stock fall from the current trading price," said Kingdom Securities senior analyst Mercyline Gatebi. The gain in the telco's share price has also seen it now account for 40 per cent of the total NSE market capitalisation that stands at Sh2.124 trillion. "The market is heavily exposed to Safaricom, because if you look at other regional markets, a significant price change on a particular stock may not necessarily result in a huge change on the market capitalisation or indices. "This poses some risk element to investors when it comes to evaluating a country's stock market performance based on the market indicators," said Ms Gatebi. StanChart and I&M also stand out as the only bank stocks with a gain in price in a sector that has borne the brunt of the bear run. The counters, however, enjoy the double protection of relatively high nominal prices — at Sh102 for I&M and Sh208 for StanChart — and a smaller number of issued shares traded daily compared to peers, which mean that they are less exposed to speculative trading.*(Business Daily)*

Kenyan banks have been "expropriating too much profit" from the interest rates they charge on loans and have room to lower borrowing costs, Treasury Secretary Henry Rotich said. Lawmakers in East Africa's biggest economy approved a bill last month that will limit the amount of interest banks can charge on loans to four percentage points above the central bank's benchmark rate. The proposal is awaiting President Uhuru Kenyatta's signature before it becomes law. "Banks must make decent profits like any other businesses, that's why we are saying there is scope to lower interest rates," Rotich told reporters in the capital, Nairobi. "The profits are too much yet you can still live with less profits." Kenyan lenders' annual profit fell 6 percent to 95.3 billion shillings ($940.3 million) in 2015, according to the central bank, as expenses grew faster than income. The industry is expected to register an improved performance in 2016, the regulator said. Banks committed last week to lower charges and set out measures to boost lending, including allocating 30 billion shillings to small- and medium-sized enterprises and women at concessionary rates, according to Lamin Manjang, chairman of the Kenya Bankers Association. The government will continue to explore ways to bring down rates, Rotich said, including borrowing less from the domestic market and financing its needs from more foreign loans. Authorities in the $61 billion economy plan to borrow 225.3 billion shillings internally to plug a 691 billion shillings budget deficit in the year through June 2017.
While capping interest rates may have "unintended consequences" for the economy, such as limiting access to credit, Kenyatta will consider

both sides of the debate before making a decision, Rotich said. "We don't want to be seen as looking at one point of view," he said. Lenders extended loans at a weighted average of 18 percent in June, according to the most recent statistics from the central bank, which has lowered its benchmark rate by 100 basis points to 10.5 percent this year. Banks plan to lower lending rates by about 100 basis points by the end of August in line with the central bank's 97 basis point reduction of its Kenya Banks' Reference Rate to 8.9 percent in July. While opposed to capping costs, central bank Governor Patrick Njoroge has said lenders are charging "remarkably high" rates and that it was time they made a "credible down payment" to borrowers. Large Kenyan banks are better placed than their small counterparts to manage the expected fall in profitability and rise in loan impairments that could result if the limits are imposed, Fitch Ratings Ltd. said in a note on Wednesday.*(Bloomberg)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's headline inflation accelerated to 23.5 percent year-on-year in July from 22.6 percent in June, driven partly by higher food prices, the national statistics office said on Friday. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius said on Friday that tourism revenue in 2016 will be 1.8 percent higher than it had previously forecast, after a surge in visitors during the first half. Tourism is a valuable source of foreign exchange for the tiny Indian Ocean country known for its luxury spas and beaches. Earnings from the sector are now expected to reach 56 billion rupees this year, up from an earlier forecast of 55 billion in May, according to Statistics Mauritius, an official body. Last year, tourism earnings totalled 50.2 billion rupees. The statistics agency also raised its forecast for 2016 arrivals to 1,250,000 tourists from 1,240,000. Visitors in 2015 numbered 1,151,723. In the first half of 2016, Mauritius attracted 586,464 tourists, up 9.9 percent from a year earlier. *(Reuters)*

Nigeria

Corporate News

The Central Bank of Nigeria (CBN) has granted Fidelity Bank Plc final licence to operate electronic commerce services in Nigeria. With this development, the bank stated that it is positioned to empower micro, small, and medium enterprises (MSMEs) in line with its strategic business objectives, through the provision of an advanced electronic commerce platform. Christened 'The Fidelity GreenMall,' the bank in a statement described the platform as an online marketplace with fully integrated e-commerce capabilities for online payments, delivery logistics, advertising, and business networking opportunities, amongst others. Managing Director/Chief Executive Officer, Fidelity Bank Plc, Nnamdi Okonkwo said: "We have always seen access to markets as critical success factor in our quest to deepen our MSME service offering. "With this approval and given the rapid increase in internet penetration, we see an exciting opportunity to further open up new markets for MSMEs using technology." According to him, the central bank's decision to grant Fidelity full licence to rollout electronic commerce services was driven specifically by the bank's unique approach to financial inclusion. The Fidelity boss noted that many MSMEs lack requisite expertise and capacity to manage an online store thereby making it difficult for them to make sales.

Okonkwo, however acknowledged the various constraints that hamper growth of MSMEs such as concerns about their funding, poor record keeping, lack of requisite technology tools and epileptic power supply in the country. He however advised small businesses to take advantage of the online platform to boost their revenues and income by trading on local and international arena. "We want to raise the level of competitiveness of Nigerian MSMEs in a global market," he said. Okonkwo pointed out that e-commerce had gained recognition in national and international trade, disclosing that the Bank plans to strengthen the level of participation of Nigerian SMEs in global e-commerce sales. According to international statistics portal (Statista.com), the retail e-commerce sales worldwide amounted to $1.67 trillion in 2015. With the projected value of e-commerce in Nigeria expected to hit $13 billion by 2018, according to the CBN, the Fidelity helmsman pointed out that the online platform offers ample opportunity for perceptive businesses to explore and tap into in order to garner more market share. He noted that the online platform fosters linkages to multilateral agencies and organisations to enable MSMEs explore export markets or franchising opportunities. *(This Day)*

PZ Cussons Nigeria Plc on Tuesday announced a dividend of 50 kobo per share for its shareholders for the year ended May 31, 2016. The company said in a corporate action filed with the Nigerian Stock Exchange (NSE) that closure date for the dividend is from September 19 to 23, 2016, while payment will be made on October 7, 2016, after its annual general meeting (AGM) in Abuja. Although details of the audited financial results were not made available yesterday, the 50 kobo dividend is lower than the 61 kobo per share paid the previous year. Market operators said the reduced dividend was expected considering the challenging operating environment that affected the bottom-line of the company. As at the third quarter ended February 2016, PZ Cussons reported a decline of 41 per cent in profit after tax, which fell to N1.647 billion, from N2.787 billion in the corresponding period of 2015. Despite the challenging environment, the Chief Executive Officer of PZ Cussons, Mr. Christos Giannopoulos, had some months ago, assured shareholders that the company would continue to pay dividends.

According to him, PZ Cussons is one of the few companies that have paid dividends consistently over the years, saying that policy would continue. "As long as we paid dividend, it means the fundamental of the company and confidence of investors in the company is strong." He disclosed that the company currently imports majority of its raw material, noting that if the suppliers could set up operations in the country, it would reduce the cost of production and increase its bottom line. "The company is doing everything within its powers to attract our suppliers to set up their operations in Nigeria," he said. Giannopoulos said that company was working hard to reduce the amount of foreign goods that comes into the country, adding that the firm has brought its associate companies and currently secured 26 hectares of land which allows it to produce palm oil in Nigeria. He said: "PZ Cussons has brought its associate companies and got 26 hectares of land plantation which allows us to produce palm oil in Nigeria. Nigeria was once the biggest. Palm tree in the world. So we are doing our part to be able to reduce the amount of foreign goods that Nigeria requires." *(This Day)*

The Central Bank of Nigeria (CBN) Wednesday reiterated that Skye Bank Plc is neither distressed nor liquidated. The central bank said its attention was drawn to the content of a malicious message urging customers of Skye Bank to withdraw their deposits or transfer them to other banks based on the vile allegation that the commercial bank had been liquidated by the CBN. To this end, the CBN in a statement signed by its acting Director, Corporate Communications, Isaac Okorafor, stated emphatically "that it has not liquidated Skye Bank or any other Deposit Money Bank for that matter." "The Bank also wishes to reiterate its earlier assurance that Skye Bank is not in distress and remains a healthy bank in the Nigerian banking system. Indeed, the health of the Nigerian banking system remains strong, all banks in Nigeria are safe and depositors have no cause to fear over their deposits. "While it will be recalled that Skye Bank had corporate governance challenges, the CBN has since taken proactive steps to resolve the issues identified. Indeed, the CBN is satisfied with the efforts of the new management to reposition Skye Bank for effective service delivery. "Accordingly, customers of Skye Bank and other stakeholders are advised to disregard any message purporting a liquidation of the bank," it added. Meanwhile, shareholders and public affairs analysts have commended the CBN, for ensuring the stability and safety of Nigerian banks through proactive measures.

President, Renaissance Shareholders' Association, Mr. Olufemi Timothy, who spoke on the stabilising role of the CBN, said the central bank had acted responsively and proactively in the last couple of years to protect the shareholders. According to the shareholder activist, who urged Nigerians to decry negative rumour making the rounds, said the interventions of the CBN over the years had ensured that no single Nigerian bank is distressed or in danger of collapse. He said such interventions have preserved shareholders' interest and value. "I can tell you authoritatively that our banks are strong and safe. Despite the global economic recession, and the attendant effect on the financial system, our banks are robust and healthy. The apex bank's interventions have strengthened our banks", he said. Similarly, an economist, Dr. Biodun Adedipe praised the resilience of Nigerian banks in the face of a tough operating environment. Adedipe who is also the Lead Strategist at Adedipe & Associates, said recent reports from the central bank have confirmed the position of analysts that the banking industry is stable and safe. He said the CBN demonstrated good judgment by intervening where necessary, adding such interventions have strengthened the industry. As a mark of renewed confidence in the board and management of the Skye Bank, some state governments, notably Lagos threw its weight by entering into a strategic partnership with the Bank, followed by renewal of IGR mandates from others states like Bauchi, Nasarawa, Kano among others. *(This Day)*

Guaranty Trust Bank Plc yesterday reported its audited financial results for the half year (H1) ended June 30, 2016, showing positive growth across performance indicators. Gross earnings rose by 37 per cent to N209billion from N153billion in 2015, driven primarily by growth in fee and commission income as well as foreign exchange income. Net interest income fell marginally from N80.1billion to N79.1billion, while impairment charges surged by 530 per cent from N6.0billion to N37.5billion. However, non-interest income improved by 160 per cent from N38billion to N91.4billion in 2016. Non-interest income was the major catalyst for the upsurge in earnings, after benefiting from foreign exchange revaluation gains. Consequently, profit before tax rose by 45 per cent to N91.38billion, up from N63.1billion in 2015. The bank's loan book grew by 14 per cent from N1.373 trillion recorded as at December 2015 to N1.562trillion in June 2016 with corresponding growth in total deposits which increased by 23 per cent to N2.008trillion from N1.637trillion in December 2015. The bank is proposing interim dividend of 25 kobo per unit of ordinary share held by shareholders.

Further analysis revealed that the bank closed the half year with total assets and contingents of N3.42trillion and shareholders' funds of N453billion, while non-performing loans remained low and within regulatory threshold at 4.39 per cent and with capital adequacy ratio (CAR) of 18.25 per cent.. Commenting on the results, the Managing Director/Chief Executive Officer of GTBank Segun Agbaje, said: "Going into the year, we knew it would be a challenging year and we prepared for it by focusing on effective management of the balance sheet and adapting our business model to changing market variables. The quality of our past decisions enabled us navigate the challenges that persisted in the business environment most of the half year period." While expressing appreciation to customers for their loyalty, and to staff for their hard work and commitment, Agbaje noted that the current economic realities present some challenges to growth. "We remain committed to our ideals of staying positive, delivering exceptional service to our customers and adding value to all stakeholders," he said. *(This Day)*

The Access Bank Plc says it has upgraded its digital payment platform to make electronic payments and funds transfer more convenient for its customers. According to a statement by the lender, the upgraded digital banking application, tagged, PayWithCapture 5.0, comes with various benefits to customers. The Head, Digital Banking, Access Bank Plc, Mr. Adeleke Adekoya, was quoted to have said, "The latest version, PayWithCapture 5.0, comes with additional features that enable customers to transfer funds from any bank account (one or more) to any bank account or phone number and email addresses. "PayWithCapture 5.0 has also expanded to the web for users to experience the many benefits on larger screens." Adekoya explained that the payment platform came with some features that allow users to set up a savings club. *(Punch)*

Economic News

Companies and group of individuals' ambitious targets to raise funds through Crowdfunding the Nigerian financial markets are being inhibited by the restrictive provisions in the Companies and Allied Matters Act, 1990 and Investment and Securities Act, 2007 the Securities and Exchange Commission (SEC) has disclosed. Crowdfunding is the use of small amounts of capital from a large number of individuals to finance a new business venture using easy accessibility of vast networks of people through social media and crowdfunding websites to bring investors and entrepreneurs together. Crowdfunding is very popularly in use in the United States (US), Europe and Asia to raise capital for various financial and non-financial projects. There are more than 1000 Crowdfunding portals worldwide supporting a multi-billion dollar industry. For instance global Crowdfunding hit $16.2 billion in the US in 2014. And given the tremendous growth in online platforms that has led to the success of online shopping portals in Nigeria, many fund seeking corporates and groups have shown interest to source for funds through Crowdfunding in the country. However, the Director General of SEC, Mounir Gwarzo said crowdfunding cannot be effective in Nigeria for now because of lack of rules and inhibitions in the provisions of CAMA and ISA. Speaking in Lagos last week the SEC boss said while the commission is committed to deepening the nation's capital market to meet the funding needs of corporates and grow the economy, the legal provisions are a big challenge. "We are aware of the growing interests among Nigerians to use Crowdfunding to raise funds. However, that cannot materialise now given the legal challenges as a result of the provisions in CAMA and ISA. But we are looking for ways to go about it so that companies will enjoy the benefits of Crowdfunding in the country as well," Gwarzo said.

According to him, SEC is looking at the Crowdfunding rules in US and Canada in order to ensure an enabling legal and regulatory framework that will support this massive global innovation. It is believed that equity crowdfunding will prove to be an expedient way for many struggling SMEs to raise capital since they find it difficult to raise startup capital because they are considered as high risk to banks. The theory behind crowdfunding is that if a large number of people, referred to as the "crowd", each provide monetary contributions, then it is possible to raise substantial sums of money, without the need to go to traditional lending sources. However, SEC regulates all securities offered for sale by public companies in Nigeria and currently there are no provisions relating to crowdfunding in the SEC rules. Besides, the provisions of CAMA, regulates the formation and operation of all types of companies and enterprises in Nigeria, will place restriction in dealing with transfer of shares, invitations to the public to subscribe for shares among others. *(This Day)*

As part of measures to address the rising trend of unclaimed dividends in the nation's capital market, which has hit the N80 billion mark, banks and registrars have been mandated by both the Central Bank of Nigeria, CBN and the Securities and Exchange Commission, SEC to set up e-dividend champions in their respective institutions. Emefiele CBN Governor Also, work is underway to address overlapping functions between the Debt Management Office, DMO and SEC, just as the commission is to use moral suasion in attracting telecommunication companies, oil and gas and other blue chip companies to list on the Nigerian Stock Exchange, NSE. It was also gathered that the commission is canvassing for tax concessions that will attract more investment into the capital market. Financial Vanguard gathered that the National Assembly is working closely with the DMO and SEC to address the overlapping functions observed in the discharge of duties by both organisations. Specifically, the Director General of SEC, Munir Gwarzo confirmed to Financial Vanguard after the post Capital Market Committee, CMC meeting last week that work is underway to address the overlapping functions in both institutions. According to him "Very soon we will give you the details where there are overlapping functions between the two institutions."

The SEC DG further hinted that the CBN will also sanction banks that fail to comply with the free e-dividend mandate which is expected to end on 31st December 2016. Gwarzo said attaching deadline to e-dividend registration was necessary to ensure compliance by investors, observing that any bank that fails to comply with free mandate processing on e-dividend will be duly sanctioned. He said "SEC has been in the vanguard for people to register for e-dividends, but whenever you go to the bank or any of the registrars, people tend to be frustrated because there seems to be some misunderstanding between the banks and the registrars. So, we had a very successful meeting last Monday where we had all the registrars, all the heads of operations of banks, we also got the Director of Payment System of the CBN and Director of NIBSS and we sat down and exhaustively discussed the issue and we resolved that each bank is going to appoint an e-dividend champion and CBN will as well direct the banks to have these e-dividend champions. "The e-dividend champion will be the one that will liaise with the head of operation of each bank and every registrar is also expected to have e-dividend champion. We agreed that every Compliance Officer for every registrar will serve as e-dividend champion. We also agreed that any time the registrar or the banks have any issue that requires clarification, Nigeria Inter-Bank Settlement System, NIBSS will provide the clarification.

The registrars also agreed that whenever they have any issue with respect to identity of an investor, within three to four days, they will reach out to the bank or NIBSS." He explained that once an investors registers for e-dividend, the backlog of his/her unclaimed dividend that are not yet status-barred would be credited to his account by his registrar. He added that SEC would continue to underwrite the registration for e-dividend until December 2016, saying that registration after the stipulated timeline would attract a token fee. As part of its advocacy programme, he said the commission has met with all the strata of the government in an effort to get their buy-in to the Capital Market Master Plan and recently with the Minister of Finance, Mrs Kemi Adeosun, with regards to considering tax concessions that will attract more investment into the capital market. "The Capital Market Master Plan Implementation Committee, CAMIC, met the President of the Federal Republic of Nigeria; we also met the Governor of the Central Bank, the Attorney General of the Federation, and Speaker of the House of Representatives. This is to ensure that we have their buy-in because for you to be able to implement the Master Plan successfully, you need the buy-in of the executive, legislature and the judiciary. "You will recall that in February this year, we had a two-day session with the judiciary in which we discussed with them what the capital is, what the SEC is and largely what the Investment and Securities Act, ISA, so that we can get their support and cooperation.

We also had a two-day session with the National Assembly; SEC partnered with the Committee on Capital Market both at the House of Representatives and Senate and we had a very successful outing. That is part of our advocacy strategy so that we have all the levels of government buy into the master Plan." "Just last Saturday, we had very successful meeting with the Minister of Finance and we had in attendant the chairman of the Federal Inland Revenue Services, FIRS, and the DG of Debt Management Office, DMO. For the last 30 – 40 years, the capital market has been clamouring for certain concessions with respect to tax and certain capital market products which we believe that will further enhance the development of the market" the SEC DG added. "We have no other place to invest our little funds than in our market and that is why we are trying to cultivate your appetite and the only way to do that is to address some of these issues. Once these issues are addressed and the retail investor returns, we will be able to raise participation in the market from 2 per cent it is now to about 4 per cent in the next 10 years." Continuing he said "The BVN platform that is being provided for the e-Dividend will also enable us to implement other initiatives in the market. For instance with the BVN platform everyone that operates in this market as an investor will have his data within this system, so if anyone wants to defraud, it cannot be done. People cannot impersonate others as the platform will expose them." *(Vanguard)*

Nigeria is seeking investments of $7 billion in mining and steel over the next decade as it seeks to develop gold and iron ore extraction industries to diversify its oil-dependent economy. One of the governments priorities is to meet its annual steel demand of 6.8 million metric tons, from a current output of a third of that, produced mainly from scrap iron, Solid Minerals Development Minister Kayode Fayemi said. "About $5 billion will kick-start the mining sector," Fayemi, 50, said in an interview in his Abuja office on Aug. 10. "In two to five years, we want to have started production of iron ore, lead, zinc, bitumen, nickel, coal and gold at a serious scale." Companies considering investments in Nigeria's mining sector include Lagos-based Multiverse Mining & Exploration Plc and Kogi Iron Ltd., based in West Perth, Australia, he said.

Boosting mining output, along with developing agriculture and infrastructure, is part of plans to broaden the economy of Africa's second largest oil producer. Crude accounts for around 70 percent of the OPEC member's revenue and for 13 percent of gross domestic product, according to Finance Minister Kemi Adeosun. Slumping global oil prices, from over $100 a barrel of Brent crude in 2014 to under $50 a barrel currently, and reduced output due to militants attacks on pipelines in Nigeria's Niger River delta, have squeezed state finances and caused a chronic dollar shortage. Fayemi will this month present a mining plan to President Muhammadu Buhari and later a bill proposing the creation of a regulator for the sector. "Currently, the ministry does everything: licensing, monitoring, inspection, and it shouldn't be like that," he said. Prospective investors have expressed concern about an uncertain regulatory environment, he said. An autonomous agency would be better positioned to focus on performance and efficiency of the sector, according to the minister. The new legislation will include incentives such as allowing full foreign ownership of mining projects in order to attract investments, Fayemi said.

Nigeria will also require about $2 billion to revive Ajaokuta, a steel complex which was supposed to have an installed capacity of 5 million tons of steel a year. Situated on the Niger River, in Kogi state, its construction began in 1979 but work was delayed by the government's failure to pay builders on schedule and it is yet to be completed. By 2004, when it was taken over by India's Global Steel Holdings, then a subsidiary of Ispat Industries Ltd., it still hadn't produced any steel. Global Steel's concession was revoked in 2008. After an eight-year legal dispute, it was agreed on August 3 this year that the government will takes over Ajaokuta while the Indian firm retains Nigeria Iron Ore Mining Company, which it will rehabilitate to supply the steel mill within two years. The ministry is hiring an adviser for investments needed to increase Ajaokuta's current capacity of 1.3 million tons of steel a year fourfold, Fayemi said. The complex also includes a 110 megawatt-power plant, a 60-kilometer (37-mile) railroad and an air strip. Just 18 of some 30 steel manufacturers in Nigeria are active, producing about 2.2 million tons a year, leaving the government with a $3.3 billion annual import bill, Fayemi said. Nigeria targets to increase mining's contribution to gross domestic product to seven percent within a decade, from 0.3 percent last year, according to the minister. The government is talking with companies including Russia's Technopromexport and Ansteel Group Corp. of China to complete and start production at Ajaokuta. *(Bloomberg)*

A group of international investors has approved the release of $14bn for key projects expected to speed up the economic revival of Nigeria. The money is part of $200bn pulled together by the group under the aegis of Greenstone Capital International Africa and Tacnero Global to be injected into five African countries including Nigeria. A statement by the group obtained on Monday listed some of the projects to be executed with the funds in Nigeria as construction of massive housing schemes in Festac and Ibeju-Lekki areas of Lagos; agriculture development programmes in Osun and Ogun states; an international airline and a world-class pharmaceutical industry also in Osun State. It added that the money would be warehoused in Standard Chartered and two other Nigerian banks for immediate project execution in the country. The group's Legal Adviser, Greg Anumenechi, was quoted to have said this, saying the investors were still committed to strategic sectors of the country's economy such as agriculture, aviation, health, solid minerals, marine, power and petroleum. Other African countries to benefit are Ghana, Democratic Republic of Congo, Somalia and South Africa, according to the statement. The investment, tagged AMPLE, will be extended to real estate, industries, information technology, parks, education and the expansion of Nigeria's version of Silicon Valley. Anumenechi said the investors had already received the approval for a Silicon Valley University in Lagos State, adding that they were investing in the development of clean energy to serve the entire country as well as building an ultra-modern modular refinery for oil and gas development. He stated that the Silicon Valley Charis International University was described by a British Chartered Accountant, Anthony Owens, as the first in Africa for the ICT Industrial Park. According to the statement, with the release of part of the funds, it is expected that the project will commence immediately. Anumenechi said, "It will create jobs as many Nigerians will be engaged in the construction process and upon completion, the project will, in turn, boost the internally generated revenue for the country." The statement said the injection of the funds into Nigeria and the other African countries for business development would generate over two million employment opportunities in Africa, with Nigeria taking the chunk because of its enormous potential. *(Punch)*

Nestle Nigeria Plc, a unit of the world's biggest food company, will struggle to maintain profit-margin growth in 2016 as the highest inflation in nearly 11 years and a lack of foreign currency stalls the economy in Africa's most populous country. "We haven't seen the bottom" of the downturn, Chief Executive Officer Dharnesh Gordhon, 51, said in an interview in the commercial capital, Lagos, on Aug. 10. A shortage of dollars has made it difficult to import raw materials, he said. Nestle Nigeria, about 64 percent owned by Vevey, Switzerland-based Nestle SA, is seeking to use its market-leading position in the country to ride out an economic contraction of 1.8 percent this year, Nigeria's first recession in three decades. The country, which vies with Angola as Africa's biggest oil producer, has seen income plunge after the price of oil, which accounts for about 70 percent of government revenue, fell more than 50 percent over the past two years. Inflation accelerated to an annual rate of 16.5 percent in June. The profit "margin is under pressure" as the company can't pass all cost increases onto the consumer, Gordhon said. While the Central Bank of Nigeria seeks to support the naira with currency controls, companies are finding dollar supply unpredictable, according to Gordhon. His company can go for as long as three weeks without being able to source dollars, he said. "I wish there was a consistent pattern that you can plan with," the CEO said. Nestle Nigeria, which makes Maggi cube seasoning and Milo cocoa, is counting on an expanding middle class in the country and across Africa to increase and sustain demand for its packaged foods, the CEO said. It exports Maggi cubes to other African countries and to Europe, mainly to Nigerians living in those countries.

While revenue grew 22 percent to 80.4 billion naira ($247 million) during the six months ending June 30 from the same period a year earlier, costs rose 28 percent, to 47.7 billion naira, Nestle Nigeria's financial statement shows. Its Swiss parent company reports first-half earnings on Thursday. "The Nigerian business for us is one of the best in Africa and it continues to grow," Gordhon said. "We've had a compound annual growth of over 10 percent over the last five years. We've doubled the business in four years." With 92 percent of what the company sells produced locally, Nestle has an advantage over rivals that rely on imports, the CEO said. Rivals include Cadbury Nigeria Plc, Unilever Nigeria Plc and imported brands of packaged food. "What I see is that there will be few players and this gives us the opportunity to solidify our market position," Gordhon said. "The market is shrinking in terms of total size of category, but our share is increasing." Nigeria's economic downturn is likely to bottom out by the end of this year, with a turnaround set to begin next year, according to Gordhon. The naira has weakened 38 percent against the dollar since the central bank in June dropped a 16-month peg against the U.S. currency. The naira strengthened 0.9 percent to 321.25 by 6:49 a.m. in Lagos on Wednesday. "Nigeria is an extremely resilient economy," he said. "People have gone through worse things in this country. What you need is constancy of economic policy or monetary policy. If you get those things, businesses can adjust. " *(Bloomberg)*

Nigeria is looking for investments of $7 billion in mining and steel over the next decade as it seeks to develop gold and iron ore extraction industries to diversify its oil-dependent economy. One of the government's priorities is to meet its annual steel demand of 6.8 million metric tons, from a current output of a third of that, produced mainly from scrap iron, Solid Minerals Development Minister Kayode Fayemi said. "About $5 billion will kick-start the mining sector," Fayemi, 50, said in an interview in his Abuja office on Aug. 10. "In two to five years, we want to have started production of iron ore, lead, zinc, bitumen, nickel, coal and gold at a serious scale." Companies considering investments in Nigeria's mining industry include Lagos-based Multiverse Mining & Exploration Plc and Kogi Iron Ltd., based in West Perth, Australia, he said. Boosting mining output, along with developing agriculture and infrastructure, is part of plans to broaden the economy of Africa's second-largest oil producer. Crude accounts for around 70 percent of the OPEC member's revenue and for 13 percent of gross domestic product, according to Finance Minister Kemi Adeosun. Slumping global oil prices, from over $100 a barrel of Brent crude in 2014 to under $50 a barrel currently, and reduced output due to militants attacks on pipelines in Nigeria's Niger River delta, have squeezed state finances and caused a chronic dollar shortage. Fayemi will this month present a mining plan to President Muhammadu Buhari and later a bill proposing the creation of a regulator for the sector. "Currently, the ministry does everything: licensing, monitoring, inspection, and it shouldn't be like that," Fayemi said.

Prospective investors have expressed concern about an uncertain regulatory environment, he said. An autonomous agency would be better positioned to focus on performance and efficiency of the sector, according to the minister. The new legislation will include incentives such as allowing full foreign ownership of mining projects in order to attract investments, Fayemi said. "There is competition for funds, and investors will go where they can get the best deal. So if having full foreign ownership can attract them, then that's a good move by Nigeria," Pabina Yinkere, Lagos-based head of research at Vetiva Capital management Ltd., said by phone. "However mining for Nigeria is a long-term plan, that shouldn't be looked at as delivering fruits in three to five years." Nigeria will also require about $2 billion to revive Ajaokuta, a steel complex which was supposed to have an installed capacity of 5 million tons a year. Situated on the Niger River, in Kogi state, its construction began in 1979 but work was delayed by the government's failure to pay builders on schedule and it is yet to be completed. By 2004, when it was taken over by India's Global Steel Holdings, then a subsidiary of Ispat Industries Ltd., it still hadn't produced any steel. Global Steel's concession was revoked in 2008. After an eight-year legal dispute, it was agreed on Aug. 3 this year that the government will take over Ajaokuta while the Indian firm retains Nigeria Iron Ore Mining Company, which it will rehabilitate to supply the steel mill within two years. The ministry is hiring an adviser for investments needed to increase Ajaokuta's current capacity of 1.3 million tons of steel a year fourfold, Fayemi said. The complex also includes a 110 megawatt power plant, a 60 kilometer (37 mile) railroad and an air strip. Just 18 of some 30 steel manufacturers in Nigeria are active, producing about 2.2 million tons a year and leaving the government with a $3.3 billion annual import bill, Fayemi said. The government is talking with companies including Russia's Technopromexport and Ansteel Group Corp. of China to complete and start production at Ajaokuta. It also plans to create a $1 billion mining exploration fund from state and private capital to improve data on Nigeria's mineral wealth. Each exploration project will be supported with about $5 million, Fayemi said. Nigeria aims to increase mining's contribution to gross domestic product to 7 percent within a decade, from 0.3 percent last year, according to the minister. *(Bloomberg)*

Nigeria imported $227 million of sugar in the first seven months of this year, according to the central bank. The highest monthly value of imports of $79.1 million was recorded in June, a Central Bank of Nigeria monthly compilation of funds used for sugar imports obtained by Bloomberg News showed Wednesday. The amounts are for raw sugar as well "chemically pure glucose and glucose syrup not containing fructose," according to the document. *(Bloomberg)*

The Organised Private Sector (OPS) has expressed concerns over the proposed plan by the federal government to impose a special tax of nine per cent for the use of communication services, noting that this move would only succeed in worsening the prevailing high cost of doing business in the country. The operators under the telecommunications arm of the Lagos Chamber of Commerce and Industry (LCCI) said the economic implications of this bill would affect consumer purchasing power which they say negates the principle of neutrality, maintaining that it would also discourage investment and impede development of the telecommunications sector. They posited that the bill potentially creates and raises the issue of double taxation since Value Added Tax (VAT) Act already imposes tax of five per cent on the supply of goods and services, calling for the suspension of the bill to allow for the rapid growth of the telecommunications sector in line with the Nigerian National Broadband Plan. However, the Minister of Communications, Mr. Adebayo Shittu, stated that the bill which is before the Senate and House of Representatives, have commenced the legislative process to enact the bill which he said has passed its first reading. The minister during the private sector dialogue session on the proposed communication services tax bill organised by the LCCI, stated that according to many schools of thought, the bill seeks to impose additional charges on users of electronic communication services in Nigeria.

He added that the proposed national ICT roadmap is poised to set out the intent and commitment of the government to continue the development of the ICT sector and implement the sector policies and plans in an integrated, focused and innovative manner that aligns with the change mantra of the current administration. Shittu pointed out that the present administration's goal is to provide cost effective, ubiquitous ICT access for overall national development, stating that as government plans to increase revenue, makes the bill worthy of consideration. "I have been reliably informed that the projected earnings from this effort is over N20 billion every month, which is an attraction to the government in funding our budget deficits. I must be quick to say that this government has got a human face twined around its decisions," he said. The president, LCCI, Dr. Nike Akande, acknowledged the fact that the government is seeking to diversify its revenue base in the light of the dwindling oil revenue, but stressed that the private sector players would like to see an investment friendly tax environment, especially in the light of the prevailing high cost of doing business in the country. She said the ICT sector is very strategic to sustainable growth and development, adding that the sector has witnessed an impressive growth over the last one decade. She said according to the Nigerian Communications Commission (NCC), Nigeria has become the largest telecoms market in Africa and the Middle East. Meanwhile, the Partner, West Africa Tax Leader, PWC, Mr. Taiwo Oyedele, said the timing and the concept behind the bill could have been better, saying that making decisions without empirical evidences will only lead to wrong decisions. He added that engagement with stakeholders in the industry and the users of the services have not been taking into consideration, saying that stakeholders must give their views before such bill is passed into law. In another development, Shittu has said government would realise N240 billion annually from the proposed Information Communications and Technology (ICT) service tax to be introduced by government. The ICT service tax bill which is currently pending before the National Assembly will apply to voice calls, SMS, MMS, data and pay viewings channels. While urging for support for the quick passage of the bill, he said, the money generated from the tax will be used by government in funding its deficit budget. He said: "Our appetite as a government to increase revenue makes this bill worthy of our consideration. "I have been reliably informed that the projected earnings from this effort is over N20 billion naira every month, which is an attraction to the government in funding our budget deficits. "I must be quick to say that this government has got a human face twined around its decisions." This was contained in a statement signed by Mr. Victor Oluwadamilare, on behalf of the minister, in Abuja, said the extra 9 percent tax to be paid by subscribers of telecommunications service.

While admitting that the proposed tax has generated some concern, he said: "The proposed bill said a section of the stakeholders have extrapolated that the bill seeks to impose additional nine per cent charges on users of electronic communication services which is to be remitted to the Federal Inland Revenue Service (FIRS), on a monthly basis. According to him, the International Telecommunications Union (ITU) gave Nigerian the mandate to achieve 30 percent broadband penetration by 2018, adding that the target is only two years away. "In spite of the huge investment by the government and industry operators, Nigeria has achieved only 10 per cent broadband penetration at the moment. "If we are to catch up with lost ground and meet up with the expectations of the global community in the area of affordable broadband service, we have to incentivize the populace by helping to aid access to low cost data service subscription." he said. Shittu, however urged stakeholders in the sector to have a holistic deliberations on the communication services tax as being proposed in the ICT bill pending before the National Assembly. The minister, said the goal of the ministry is to provide cost effective ubiquitous ICT access for overall national development, adding that the proposed solutions are the passage of the Critical National ICT sector infrastructure bill, hastening of the rollout of metro fibre networks, use of NIGCOMSAT Satellites to bridge the rural penetration gap and hosting of critical National Data within the country.*(This Day)*

The naira fell to N321.50 to the dollar on the interbank foreign exchange (FX) market yesterday, weaker than the N314.14 to the dollar it closed the previous day. But on the parallel market the naira stood at N395 to the dollar. Nigeria's currency has slumped 38 percent since the central bank ended a 16-month peg of N197- 199 per dollar on June 20. "There's still a lot of demand for dollars," Switzerland-based brokerage Continental Capital Partners SA, Craig Thompson, told Bloomberg yesterday "The central bank has been supplying them. They sold some at N309 yesterday to keep the rate down. They've been selling dollars most days to keep it going above N320 and have done their best to try and keep it closing around N310. Managing the exchange rate is difficult because there's pent-up demand." Foreign-exchange flows have been slow to trickle in to the country since the devaluation. The dollar shortage has been exacerbated by militant attacks on oil facilities in the south of the country, which have sent crude production tumbling to an almost three-decade low. Nigeria relies on oil for 90 percent of export earnings. The benchmark equity index fell 0.1 percent, its first drop in four days, to 27,402.99. It's down 8.9 percent in the past year. Yields on Nigeria's $500 million Eurobond due in July 2023 were little changed at 6.38 percent. Local banks are unable to meet much of the demand for dollars, forcing their customers on to the black market. There, the naira trades at 394 per dollar, around 11 percent weaker than the official rate. "There is no liquidity" in the interbank foreign-exchange market, Kunle Ezun, an analyst at Ecobank Transnational Lagos, said by phone. The central bank sold dollars on Aug. 15 and 16 and will continue intervening, he said. "They won't want to see this jump," Ezun said. "They will come in, maybe tomorrow, to bring it down to N320 or N330." *(This Day)*

Nigeria will need to combine monetary policies with fiscal and structural policies in order to overcome its worst economic crisis in decades and return to growth, President Muhammadu Buhari said on Thursday. Nigeria is in the middle of its worst crisis in decades as a slump in oil revenues hammers public finances and the naira. Gross domestic product shrank in the first quarter and the central bank governor has said a recession is likely. "We fully understand that monetary policy alone is not sufficient to bring about desired economic growth," Buhari told a meeting of African central bank governors in Abuja. "For us in Nigeria, while we recognise the challenges we are confronting ... we are determined to diversify the economy away from the excessive reliance on oil and other primary products." Economists have criticised Buhari and the government for not doing enough to address the crisis. Nigeria's central bank raised interest rates last month, and has been soaking up liquidity in order to support the naira, which has lost around 40 percent of its value since it was floated in June.

Buhari said the continent was confronted with slowing growth, weakening demand, rising inflation, restrictions to capital flows, rising debt levels, increases in exchange rate volatility and a depletion of foreign reserves. The central bank governors were meeting to discuss ways to safeguard their economies from the expected unwinding of loose monetary policies in the leading developed economies. *(Reuters)*

Nigerian oil minister Emmanuel Ibe Kachikwu said on Thursday that while a cut in OPEC production is unlikely, there is hope a meeting of producers in Algeria next month could help shore up crude prices. Kachikwu also said in a speech in Lagos that his country's oil output had fallen to 1.56 million barrels per day (bpd) as persistent militant attacks took out some 700,000 bpd. But he cast doubt on any plans by members of the Organization of the Petroleum Exporting Countries to voluntarily reduce their output at the meeting in Algeria. "Are we cutting volumes? I don't see that happening," Kachikwu told reporters, but added that all options are on the table and other action could have an impact. "Will that meeting help lift the price? Well yes if we succeed in having conversations with Russia, the USA and Mexico." Russian output currently hovers near an all-time high of 10.85 million bpd. It has signalled it is no longer keen on a dialogue to freeze output and would continue boosting production. North American producers are also expected to add more barrels. Four streams of Nigeria's oil, including the country's largest, Qua Iboe, along with Bonny Light, Brass River and Forcados are currently under force majeure. Kachikwu said the violence had also slashed domestic gas supply this year from 1,400 millions of standard cubic feet (mmscf) to 550 mmscf. *(Reuters)*

Tanzania

Corporate News

CRDB Bank has received a favourable rating from global credit research firm, Moody's in its maiden rating of a Tanzanian bank, boosting the lender's profile in international platform. The bank received B1 the rate from Moody's Investors Service, which took six weeks to analyse CRDB financials and award all categories a stable outlook. The bank becomes the first in the country and second in the region, after KCB Bank of Kenya which also received B1, to be rated. Tanzania has almost 57 banks while the East African Community region is estimated to have over 100 banks. In sub Sahara Africa, minus South Africa, CRDB is the seventh with one in Angola, Ghana, Kenya, DRC and two in Nigeria where marks ranged between B3 and B1. B1 rating is the highest in SSA by Moody's. CRDB Managing Director Dr Charles Kimei said they could have got a better mark if the country had received sovereign rating as well and slightly high non performing loans ratio. "We are proud of the rating results and it feels good to be number one," he told reporters in Dar es Salaam yesterday. "This positions us on the global financial communities where we can now access loans with better interest rate, increase our global custodian business and participate into international syndication loans. " The Dar es Salaam Stock Exchange (DSE) listed bank envisages that the rating status would boost the bank share at the bourse current selling at 295/- a piece.

Zan Securities Chief Executive Officer (CEO) Mr. Raphael Masumbuko told the 'Daily News' that the B1 rate means the bank's share were now competing internationally. "This is very plus to CRDB. The bank status will double for being listed and rated," Mr. Masumbuko said He added, "the bank is going to have a different status in business and financial world… on top of that the bank has risen the industrial bar to new level". The bank posted one of the strongest balance sheets with assets of over 5.5tri/- where 3.6tri/- are on leading or 65 per cent of its assets have been loaned out. CRDB, with 217 physical branches, revenue generation is almost 60/40 per cent ratio where net income leads and non-interest income follow— this according to analysts is a better ratio as it trims down the bank exposure to risks. Dr Kimei said shareholders are expected to earn more as the bank will access low interest loans thus increase its lending ability hence profitability and pushing up earning per share and price at the bourse. "We normally lend from international organization the rating would help accessing funds at challenging rates," Mr. Kimei said. The bank was rated on mainly four categories local and foreign currency, counter-party risks and baseline credit assessment (BCA). *(Daily News)*

Economic News

TANZANIAN shilling has remained stable as pressure eases, thanks to an increase of inflows from agriculture and slowdown in demand for US dollars. According to National Microfinance Bank (NMB) e-market report, the local currency edged high against US dollars yesterday trading session buoyed by tight liquidity stance and Agri dollar inflows. The shilling was quoted at 2168/2198 levels and we expect a moderate demand from importers tomorrow. The continued inflows from agro exports will reduce pressure on the shilling which is threatened by strong importers' demand. Liquidity remained tight on Monday as banks continue looking to fund their shilling obligations. Overnight rates trading about 17 per cent highs. The Ugandan shilling was steady on Tuesday, propped up by a tailing off of demand from both commercial banks and merchandise importers. At 0746 GMT commercial banks quoted the shilling at 3,365/3,375, unchanged from Monday's close. The Kenyan shilling was stable on Tuesday and traders said demand for dollars by importers was likely to pick up as the month progresses. At 1113 GMT, commercial banks quoted the shilling at 101.45/55 to the dollar, unchanged from Monday's closing rate. "Going forward past mid-month, we should see end month demand putting pressure on the shilling," said a currency trader with a commercial bank. *(Daily News)*

THE government and the World Bank yesterday signed a Memorandum of Understanding (MoU) in which the latter will provide 209 million USD (about 456bn/-) for the implementation of six-year Rural Electrification Expansion Programme. The six-year project will also be financed by other Development Partners (DPs). Other partners who will finance the project are Norway who will offer 80 million USD, Sweden (70 million USD), European Union (50 million USD), England (42 million USDs) and African Development Bank (25 million USD). Tanzanian government will issue 900m/- for the project. The MoU was signed at Kwedizinga Village in Handeni District of Tanga Region between the representative of the World Bank, Ms Bella Bird, and the Acting Director General of Rural Electrification Agency (REA), Mr. Gissima Nyamo-Hanga. The signing ceremony was witnessed by the Minister for Energy and Minerals, Professor Sospeter Muhongo, Tanga Regional Commissioner, Mr. Martin Shigela, and other representatives from Development Partners (DPs) --Germany, Norway and African Development Bank (ADB). Prof Muhongo thanked all DPs, saying that their assistance would supplement the government's initiatives of making sure that all households in the rural areas get electricity that would help improve their socio-economic development. He clarified that the project was different from REA Phase Two and Phase Three. He explained that the programme focused on expansion and improvement of REA projects through increasing the capacity, improving infrastructure and empowering workers' skills in the sector. Earlier, Ms Bird, the World Bank's Country Director for Tanzania, Burundi, Malawi and Somalia, hailed the Fifth Phase Government for its efforts that aimed at supplying electricity in rural areas to speed up development for its people. She said as a development partner, the World Bank, would continue to collaborate with the government and finance such development projects as a step ahead towards wiping out poverty in the country. "The government of Tanzania has plans to modernise its economy into industrialisation... so a programme like this one of expanding and improving electricity infrastructure, together with empowering the technical sector, will enable the government to reach its goals," she stated. She further said that the Bank, apart from financing big electricity projects in the national grid; would also finance other minor renewable resource projects in the country to produce enough electricity for its development needs. Prof Muhongo is on an eight-day tour of Tanga Region to inspect REA projects being implemented in all districts. *(Daily News)*

THE Tanzania Investment Centre (TIC) eyes to increase the country's foreign investments from the current 2.1 billion US dollars to 5.0 billion US dollars in the coming years to increase jobs and trade opportunities and boost growth. Speaking at the Second TIC Editors Forum held in Dar es Salaam yesterday, the TIC Acting Executive Director, Mr. Clifford Tandari said the investment centre was undergoing major transformation to attain the goal. "We are currently preparing a strategic plan aiming at facilitating implementation of the centre in achieving its set goals and in the fulfillment of all directives," he said in his keynote address to the forum. Along with other improvements TIC is in preparation to ensure new investment law and policies are were updated, he said. This will be achieved through a range of attractive services offered to investors free from excessive bureaucracy and open to efficiency especially those offered by the government. The government plan is to assist TIC in becoming one of the most competitive investment centres in the region by improving service delivery under a one stop shop which will eliminate inconveniences to investors. Mr. Tandari cited that in Rwanda investors can obtain investment certificates in six hours time, therefore through improvements and amendment of laws and policies TIC should be able to issue the certificate in a lesser time frame. "My anticipation is that the media will be a catalyst in linking the private sector and the government in implementing its project pinpointed in the country's second Five Years Development Plan (FYDP)," he said.

In the National Assembly on April, this year the government presented the second Five Year Development Plan (FYDP) budget that amounts 107 trillion/- for its implementation. Presenting the plan the Minister for Finance and Planning, Dr Philip Mpango, said the FYDP 2016/17-2020/21 aims at boosting industrialization for economic development. TIC role on the other hand is to promote and facilitate foreign investment in the industrial sector by encouraging both local and foreign investors to invest in the area. He called on the Media to team up with investment centre in promoting industrial investment through attractive reporting that will create a center of attention for the investors. "Let us team up as Tanzania in promoting the country's investment and by using the power of the pen in publicizing the investment opportunities available in the country," he stressed. On his part the Acting Director of Investment Promotion, Mr. John Mnali said that the role of publicizing the country's opportunity should be collaborative. He noted the current focus on investment was on industries whose source of raw materials are produced within the country as means for employment creation to boost the economy. "The areas are agro-processing, consumer goods, assembling industries, meat processing industries, and market targeted industries," he said. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

No Corporate News This Week

Economic News

THE Kwacha was on Friday expected to remain firm against the United States (US) dollar trading in the range of K10.50-K10.70 on the interbank market as the country awaited the election results. On August 11, Zambians went to the polls to vote in the general elections and referendum on the Bill of Rights. Elections have an influence on driving markets and investor confidence in a given economy. Both First National Bank and Cavmont Bank on Friday pegged the greenback within K10.40 and K10.65 while Zanaco anticipated the US dollar at K10.50-K10.70. Zanaco says the local unit was steady on the eve of the elections due to sluggish demand for the dollar as market players wind down activity. "The Kwacha is likely to remain stable heading into the weekend contained by low market activity as the country awaits election results," the bank says in its daily treasury newsletter issued on Friday. The Kwacha opened the trading session 25 ngwee weaker than Tuesday's close of K10.25 and K10.30. "The Kwacha traded within these levels as appetite for the greenback and market activity in general remained subdued ahead," the report notes. Similarly, a survey conducted by the Daily Mail in selected bureaux in Lusaka and Kitwe on Friday revealed that the Kwacha was stable, trading in the range of K10.20 and K10.50. A check at Dondou Bureau in Kitwe showed that the local unit was trading at K10.20 and K10.40 on bid and offer respectively. *(Daily Mail)*

Investors are betting disputed elections in Zambia won't derail the government's plans to secure an International Monetary Fund bailout that could exceed $1.2 billion and is needed to top up foreign reserves. The Finance Ministry announced in April that it hoped to finalize an IMF aid program for Africa's second-biggest copper producer by the end of the year. Preliminary talks were put on hold until after Aug. 11 elections, which President Edgar Lungu, 59, the leader of the ruling Patriotic Front, won with 50.4 percent of the vote. The main opposition United Party for National Development says the results were rigged and plans to challenge them in the Constitutional Court. "With the PF win, most of the groundwork has already been laid," Samantha Singh, an analyst at Standard Bank Group Ltd., said in an Aug. 15 note. "We thus believe that an IMF deal could be sealed as early as the fourth quarter of 2016." Yields on the country's $1 billion of Eurobonds maturing in April 2024 dropped 27 basis points to a year low of 9.19 percent on Tuesday, the day after the results were announced. Zambian dollar bonds have returned 28 percent this year, the most out of 17 African nations tracked by Bloomberg indexes. The average return for sub-Saharan African dollar debt was 16 percent. The kwacha weakened 1.2 percent to 10.07 per dollar by 8 a.m. in Lusaka on Wednesday. "We think Zambia presents an interesting opportunity,"

Citigroup Inc. said in e-mailed comments. "We believe election results do not alter much the final outcome of an IMF package. A Lungu victory probably means an accelerated path towards a deal." Capital inflows to Zambia have been hit by a slump in the price of copper, which accounts for more than 70 percent of export earnings. Gross international reserves dipped to $2.55 billion in April from $3 billion at the end of last year, according to the central bank. The government would cut fuel and agricultural subsidies and reduce its budget deficit to secure IMF support, but won't agree to job cuts or measures that push up health-care costs, Amos Chanda, Lungu's spokesman and adviser, said in an Aug. 11 interview. The IMF may provide a loan of $1.2 billion dollars or more, he said. Observers had mixed opinions about the election. While local civil-rights and church groups said pre-election violence, the ruling party's abuse of state resources and bias by state media compromised its credibility, teams from the African Union and the Southern African Development Community praised how it was run. An EU observer team said media reports of violence had been overstated and the vote went well, yet its requests to access the results verification center had been denied. Forms allowing the results to be verified were withheld, ballot boxes were tampered with, tallies were altered and opposition officials were intimidated, UPND leader Hakainde Hichilema said in an e-mailed statement on Tuesday.

The PF and Electoral Commission of Zambia denied that there was any attempt to rig the election. Hichilema's supporters in the Southern Province took to the streets to protest Lungu's victory, with police reporting riots in at least five towns and 151 arrests. The situation has been brought under control and patrols have been intensified in the province, police spokesman Rae Hamoonga said in an e-mailed statement. A prolonged political stalemate may undermine efforts to revive the economy, which last year expanded at its slowest pace since 1998, according to Mark Bohlund, an Africa economist with Bloomberg Intelligence in London. "Lingering doubts about fiscal policy might act as a drag on investment, even amid pledges to cut back on spending and seal a loan agreement with the IMF," he said in a report on Tuesday. "That's especially true given that the PF, which has come out on top, sharply expanded borrowing during its first term in office." While the political upheaval could disrupt business activity in Zambia, it's unlikely to weigh on financial markets, according to Neville Mandimika, an analyst at Rand Merchant Bank in Johannesburg. "We do not anticipate a currency blowout despite the prospects" of more violent protests, Mandimika said in a report on Tuesday. The Eurobonds shrugged off the news about the pre-election violence and "this trend is likely to continue through this period of election-results uncertainty," he said. *(Bloomberg)*

Zambia's central bank has postponed its quarterly meeting that had been scheduled for August to an unspecified date in September, it said on Tuesday. The bank did not give a reason for the postponement. An official told Reuters last week that the meeting would likely be postponed due to Zambia's general elections held last Thursday. *(Reuters)*

Zambia has made "great progress and reached broad consensus" with the International Monetary Fund on a planned support package, President-elect Edgar Lungu said. Yields on the nation's Eurobonds fell to the lowest in more than a year. Lungu, who narrowly won a Aug. 11 presidential election in Africa's second-biggest copper producer, said in an e-mailed statement that having been elected for a whole term has given him time to implement difficult decisions he couldn't do ahead of the vote. The IMF representative in Zambia said formal negotiations hadn't started. Zambia's government hopes to secure an IMF bailout that could exceed $1.2 billion to shore up the nation's budget and top up foreign reserves after a slump in copper prices, which account for more than 70 percent of export earnings, curbed capital inflows. The economy expanded last year at the slowest pace since 1998. Lungu won a five-year term after first taking over the presidency in January 2015 in a vote held after Michael Sata died in office. "Tough decisions will be made, some will be painful but necessary," said Lungu, 59, after a meeting with businessmen in Lusaka, the capital. "I will take measures to grow the economy and control expenditure." Formal discussions were yet to start, IMF resident Representative Alfredo Baldini said in reply to e-mailed questions. "The IMF and the Zambian authorities have been in talks about a possible IMF-supported program," he said.

"At this stage however, there have been no formal negotiations on the type of arrangement or potential size of financial support, IMF staff stand ready to pursue these issues with the new government that will be formed after the elections." The package could come with conditions including cutting subsidies that will result in higher electricity and fuel prices. Zambia's budget deficit, which ballooned to almost 10 percent of gross domestic product in 2015, will probably reach 9.3 percent this year, according to Samantha Singh, a Johannesburg-based strategist at Standard Bank. Yields on the country's $1 billion of Eurobonds maturing in April 2024 fell 23 basis points to 8.91 percent by 6 p.m. in Lusaka on Thursday. The government is considering "rapid but progressive" energy subsidy cuts, and will restructure a fertilizer and seed support program for farmers, Lungu said. The Food Reserve Agency will also be changed to only buy strategic stocks, he said. The opposition United Party for National Development plans to contest Lungu's election victory in the country's Constitutional Court, citing irregularities in the vote that the ruling party and electoral commission denied. It's leader, Hakainde Hichilema, widely known by his initials HH, called the election "a coup on democratic process". The legal challenge could affect the timing of an aid deal from the Washington-based lender, Ahmed Salim, a Dubai-based analyst with Teneo Intelligence, said in an e-mailed note Aug. 15. "A loan agreement with the IMF is a foregone conclusion, but the timing will be subject to making sure that due process, particularly with the challenge by HH, is completed in a transparent manner," he said. "Going into the election, donors had made it clear that the transparency of the elections will influence IMF negotiations."*(Bloomberg)*

Zimbabwe

Corporate News

MBCA Bank profit after tax for the six months to June 2016 slumped by 55 percent compared to the same period in the prior year to $1,2 million due to sluggish economy performance and low investments. Revenue for the period under review marginally decreased by two percent to $14 million from **$14,4 million.** Capital stood at $42,7million and the bank said its on target to meet $100 million threshold by 2020. Interest income dropped 12 percent to $8,7 million from $9,9 million due to lower interest rates on individual retail loans and interest earned from placements with other financial institutions. Operating expenses widened by 15,6 percent to $12 million due to implementation of company's Employees Share Scheme. The bank's administration expenses increased by 1.7 percent driven by bank's expense management initiatives. Assets decreased by 8.5 percent to $219 million from $239,8 million in June 2015 owing to a fall in cash and cash equivalents and net loans and advances. The bank's cautious lending approach and fluctuations on its overdraft facility reduced loan book by 13 percent to $99 million from $114 million in the comparable period. Non-Performing Loans ratio marginally increased to 6.7 percent from 6.5 percent as at December 2015.The bank said its $75 million line of credit have been under utilised. *(Source)*

Caledonia Mining Corporation's net profit more than doubled in the first half-year to June on higher gold output at its Blanket Mine in Gwanda and improved mineral prices. Net profit was $4,1 million compared to $1,5 million over the same period last year. It produced 23,332 ounces in the half, at an average price of $1,211/oz compared to 20,360 at $1,186 previously. Earnings per share grew 144 percent to 8,6 cents from 4,1 cents. Caledonia, which owns 49 percent of Blanket Mine, successfully moved its registration from Canada to tax haven Jersey, Channel Islands, on March 19 this year to avoid charges on dividends. Jersey is one of seven inhabited islands making up the Channel Islands and, along with Guernsey, is a British dependency. Caledonia's results for the six months was largely as a result of a stellar performance in the second quarter to June 30. Gold output in the quarter was 12,510oz, up from 10,401oz over the same period last year. Net profit at $3,6 million dwarfed the $266,000 over the comparable period last year. Costs at $936/oz were nearly a $100 less than the $1,030 previously. "A new production record was largely the result of improved underground logistics and increased mine flexibility as a result of the implementation of the Revised Investment Plan at Blanket Mine," said chief executive Simon Curtis. The miner has targeted 50,000oz for the full year. As at June 30, Caledonia had $10,5 million in cash holdings, lower than the $19,1 million last year as it continues to invest in its mining operations. *(Source)*

Old Mutual Zimbabwe registered an 11 percent jump in total revenue to $139,7 million in the six months to June 30, driven by a 60 percent surge in non-life sales. Old Mutual is an integrated financial services group whose activities include life assurance, short term insurance, property investment, asset management and banking activities through its Central African Building Society (CABS). Gross Premiums Written for the General Insurance unit were up 7 percent to $21 million, while profit before tax at $3, 2 million was up 11 percent. Non-life sales were up 60 percent from $92, 9 million to $148,7 million. Operating profit was flat $33,1 million while profit after tax declined 4 percent to $12,5 million. The Investment services unit registered a 17 percent decline in profit before tax to $2, 1 million weighed down by a decline in property values and equity investments. Investment property value fell to $397, 8 million from $408 million. Funds under management are down from $1, 6 billion to $1,5 billion. Old Mutual Zimbabwe is a 75 percent owned subsidiary of London-listed Old Mutual Plc. Loans and advances at $532, 9 million are up 8 percent while deposits are also up by 7 percent to $768 million. The banking unit's ratio of bad loans rose from 6 percent last year to 10 percent in the half year under review. Basic earnings per share dipped to 3, 5 cents from 3,8 cents previously. *(Source)*

DELTA Beverages plans to inject more than $1,1 million into its Beverages Sorghum Contract Farming Scheme (BSFS)during the 2016/7 financial year, as it forges ahead with plans to support local farmers, NewsDay has established. Delta requires about 15 000 tonnes of sorghum annually and sources it locally through contract farming. Company corporate affairs manager, Tsungai Manyeza, told NewsDay in emailed responses that Delta was looking forward to inject about $1,1 million into contract farming. "Delta Beverages is looking at injecting approximately $1 145 618.30 for the 2016/17 financial year," Manyeza said.

In the financial year 2015/15 the company injected about $4,13 million into the scheme and received 15 675 tonnes grain deliveries. Sorghum beers have grown in importance within Delta's product mix, as demand for clear beers and sparkling beverages continues to weaken due to a sluggish economy. In the first quarter of 2016, sorghum beer volume increased by 9%, while revenue inched up by 3%. Lager beer volumes dropped 14% and revenue went down 17%, but the lower priced Eagle lager demand increased. In the 2015 financial year, sorghum beers made up 55% of total beverage volumes, up from 50% the previous year. Sorghum contributed 72% to total beer volumes in 2015, up from 67% the previous year, with lagers making up the balance. Weak economic fundamentals, cash shortages, underperformance of agriculture and significant policy shifts were cited as major threats to the company's performance. Delta's BSCFS is a farmer development programme through training and extension support, ensuring accessibility of farming inputs in order to guarantee future supply of malting sorghum for the business while also guaranteeing a market for the sorghum producers. Recently, Manyeza revealed that the total contracted hectarage for the 2015/16 season was 4 711 hectares, a 10% reduction compared to prior season through 9381 communal farmers and 28 commercial farmers. She said the reduction in the 2016 contracted hectarage was due to the need to minimise the crop failure as a drought was predicted for the country due to the El Nino effect. Manyeza said Delta offers a free and extensive quality assurance programme that ensures access to technical information by growers, improved yields and grain quality. The farmers were also supported with input finance in the form of agricultural inputs. She added that the benefits for the farmers were a guaranteed market for their produce and free agronomic services that have resulted in improved grain yield and quality. *(News Day)*

OLD Mutual PLC says the management separation process for the group is progressing well and its implementation requires a balance between value, cost, time and risk and using the full flexibility of the capital management policy. The group announced in March that it would split its businesses into Ned Bank, Old Mutual Asset Management, Old Mutual Emerging Markets and Old Mutual Wealth (OMW). In a statement accompanying the group half-year results ended June 30 2016, Old Mutual PLC group chief executive Bruce Hemphill said significant work was being undertaken to prepare the business for independence, which was critical for success of management separation. He said business readiness, particularly for OMEM and OMW, was the main determinant for the timing of the process. "The first six months of the year were characterised by volatile currencies and lower average equity markets but our underlying performance demonstrated the strength of our franchises and the positive momentum within each of our businesses. "We are making good progress with our managed separation strategy we announced in March 2016 and which we expect to be materially complete by the end of 2018," Hemphill said. "At this stage, we are doing a lot of preparation work that will lay the foundations for the future and is critical for success. We are clear about the task at hand and we are absolutely confident that this is the right strategy to unlock value." In the period under review, Old Mutual PLC recorded a 9% decline in constant currencies and 22% in reported currencies to £708 million.

Hemphill said the macro environment was challenging with weaker rand against the first half of 2015 and lower average market levels. The group announced a new management policy in March, with the aim to provide flexibility, recognising the need to balance complex considerations including the background of volatile markets, costs associated with the management separation and continued investment in the businesses while increasing their capital strength. He, however, said the group was still at an early stage in the managed separation with significant variables ahead of the company , and therefore any dividend under consideration for three year ending December 31 2016, was likely to be at the mid to upper end of the cover range of 2,5 to 3,5 times adjusted operating profit. *(News Day)*

CBZ HOLDINGS sold $40 million worth of debt to Zimbabwe Asset Management Company (ZAMCO) during the first six months of 2016, but the group still booked a 3,8 percent increase in bad loans due to poor performance in agriculture. Non performing loans (NPLs) climbed to $78,9 million during the half-year from $76,1 million at full-year 2015, according to the banking group's latest earnings release. CBZ Holdings, Zimbabwe's biggest lender with over $1 billion in deposits, blamed the increase on below par performance in agriculture. The number of customers in agriculture that failed to repay loans rose sharply, it said, up more than 93 percent. The 2015 /16 agriculture season was negatively affected by bad weather characterised by the El Nino induced drought. Resultantly agriculture sector performed poorly which drove CBZ's overall ratio of NPLs higher at 7,2 percent from 6,9 percent, but still remained within the banking sector's benchmark of 10 percent. And thanks to the ZAMCO debt sale, the group cut the amount of debt it did not expect to recover by 37 percent to $9,1 million, for the half-year in review.

For the six months under review, total deposits were 5,3 percent firmer at $1,77 billion from comparable period's $1,68 billion on strong innovation and customer centric service delivery approach. The services sector contributed 30 percent of the deposits while financial organisations and the distributions sector contributed 30 percent and 17 percent in that order. Equities analysts forecast the group to remain profitable and on course in meeting its objectives with an upsurge in deposits on introduction of new innovative products and increase in agents. "We anticipate deposits to continue on an upward trend as we have forecast a 10,1 percent growth year on year, slower than the 12,5 percent that has been forecast by management," said brokerage firm, IH Securities. CBZH's total income for the period was 12 percent weaker at $73,2 million compared to $83,2 million posted in the same period last year while profit after tax declined 13 percent to $11,9 million. *(Herald)*

Proplastics revenue for the six months to June 30 dropped 11 percent to $5,879 million compared to $6,604 million in prior year largely on the back of reduced selling prices as the group adopted a strategy to trim margins and drive volumes. Profit after tax for the period dipped 65 percent to $91,243 from $262,896 in the prior year. Chief executive Kudakwashe Chigiya told analysts on Wednesday that the drop in gross profit margin from 22 percent to 21 percent was offset by improved factory efficiencies while volumes were maintained at last year's level. "We anticipate that the introduction of new machinery will increase production efficiencies thus lowering unit costs further," he said. During the period, overheads grew 11 percent as the company incurred some staff rationalisation expenses in order to align staffing levels to current business volumes. Earnings before Income Tax Depreciation and Amortisation (EBITDA) dropped 33 percent to $529 097 in the half year period under review. Looking ahead, Chigiya said despite the persisting economic challenges, demand for the company's products has started to pick up underpinned by housing development projects and the rehabilitation of the old piping infrastructure. "Projects are still being carried out through private public partnerships and non-governmental organisation. In addition to that, recent orders for the mining projects have been very encouraging and will boost performance in second half of the year," he said. Chigiya added that the introduction of SI 64 of 2016 which restricts importation of an array of products including plastic pipes will result in increased local demand for its products. *(The Source)*

The Agricultural Bank of Zimbabwe (Agribank) has posted a profit of $2,16 million for the half year ended June 30, 2016 recovering from a loss of $3,76 million in the comparable period in 2015. Agribank, which met the prescribed $12 million capital, said it will be talking to government to raise its capital to $100 million by 2020, as part of its recovery strategy, while it will soon be on the market to raise $20 million in agro-bills. The bank said profit was largely driven by business growth strategies implemented in 2015, a staff rationalisation exercise and the sale of non-performing loans to the Zimbabwe Asset Management Corporation, a Reserve Bank of Zimbabwe unit that buys toxic loans from banks. "The profit was mainly a result of the positive outcome of the bank's business growth strategies implemented following the conclusion of the staff rationalisation and injection of capital by the shareholder in 2015," said the bank's chairman Sij Biyam in a statement on Thursday. Agribank is wholly owned by government. Net interest income, at $6,49 million, was 89,2 percent higher than the $3,43 million reported at the same time last year. Non interest income increased by two percent to $7,1 million, from $7 million during the same period in 2015. The cost containment measures reduced operating costs by 16 percent to $10,88 million. Loans and advances dropped 8 percent to $104,69 and the bank said it will prioritise asset quality to minimise NPLs through tighter lending. The bank recorded a 14 percent growth in assets to $192,8 million from $168,9 million in December 2015. "This is a positive development compared to the same time in 2015," Malaba told reporters on Tuesday. "We positively benefitted from cost containment measures. We will be seeking further capital. We want to be a Tier 1 bank with $100 million capital so that we support agriculture, which is the backbone of this economy, now that we are off the OFAC list. It is an issue we have discussed with the shareholder. Together with FBC, we are raising $20 million agro bills," said Malaba. *(The Source)*

Economic News

Zimbabwe will only issue mining rights to companies listed on the local stock exchange and will not allow the export of raw minerals without ministerial approval, according to a draft mining bill published on Friday. The bill, which has been in the works for more than a decade, will now be sent for debate in parliament. Anglo American Platinum, Impala Platinum and Aquarius Platinum are some of the foreign mining firms operating in Zimbabwe but they are not listed on the local stock exchange. "No mining right or title shall be granted or issued to a public company unless the majority of its shares are listed on a securities exchange in Zimbabwe," the Mines and Minerals Amendment Bill said. Under the proposed law, holders of mining rights would also be required to use banks registered in Zimbabwe as the government seeks to have greater oversight on finances generated in the mining sector. The government would no longer allow the export of raw minerals unless with written approval of the mines minister, the draft law said. Minerals like gold and silver would only be exported in refined form as Zimbabwe seeks to get more local involvement and jobs from the mining sector. Zimbabwe introduced a platinum export tax in January last year but suspended it seven months later after mining companies, including Amplats, Implats and Aquarius, agreed to support local metal processing. The draft bill also said platinum metals, iron ore, chrome and coking coal would be among 19 commodities designated as "strategic minerals" considered important for the economic, social and industrial future of the country. *(Reuters)*

Zimbabwe's inflation for the month of July 2016 fell by 0.24 percentage points to -1.60 percent, the national statistics agency said on Monday. On a month on month basis, the inflation rate in July was -0.19 percent – shedding 0.38 percentage points on the June 2016 rate of 0.19 percent, Zimstat said. *(The Source)*

Zimbabwe has so far sold 197 million kilogrammes of tobacco worth $580 million, statistics released by the Tobacco Industry and Marketing Board on Wednesday show. Contract sales were 161 million kg at an average price of $3,03/kg for $489 million. Auction sales stood at 35,8 million kg at an average price of $2,55/kg for $91 million. Auction floor sales closed on August 5, but contract sales will continue until the end of this month. Zimbabwe remains on track to surpass last year's figure of 198 million kg sold last year. Mop-up sales will be conducted on August 23, a TIMB official told The Source. Export earnings stood at $253,7 million. Zimbabwe earned a total of $855 million from tobacco sales in 2015, nearly a third of its total exports earnings. China is the largest importer so far, buying 20 million kg for $164 million but the average price was lower at $8,11/kg from $8,53/kg in the prior year. South Africa nearly doubled its tobacco imports at nine million kg at an average price of $2,90/kg for a total of $26 million. The seasonal average price was $2,94/kg, similar to last season.*(The Source)*

Zimbabwe will borrow from private banks to finance the importation of farming equipment from Brazil, Belarus, Russia and India under its ambitious Command Agriculture programme aimed at enhancing grain production in the country, Vice President Emmerson Mnangagwa said on Wednesday. Zimbabwe last week launched the $500 million programme, which aims to produce two million tonnes of maize on 400,000 hectares of land. Under the programme, 2,000 farmers will be given inputs, irrigation and mechanised equipment but will be required to give five tonnes per hectare to government as repayment. A former major grain producer, the southern African nation has become reliant on imports from neighbours -Zambia and South Africa- as well as Brazil after grain production plummeted following a controversial land reform programme at the turn of the century and successive droughts. In February, the government announced the country would need to import about 700,000 tonnes of maize to plug a grain deficit after another failed season that left at least three million people in need of food aid. Mnangagwa told journalists after a meeting with seed houses, fertilizer manufacturers, representatives of farmers unions and the bankers association that government was in negotiations for loans to finance the programme.

"The programme is not being run on the budget (so) we are raising funds from the private sector and we are quite advanced at securing these funds. This is a cost recovery programme, nothing is going to be given for free," said Mnangagwa. "We cannot put a figure now. We are well advanced in negotiating such facilities and many private companies are coming forward to make offers because it is guaranteed that they will have a return from the loans that they may advance." Mnangagwa said as part of the programme, government was also looking at reviewing water and electricity tariffs for farmers to reduce the cost of production for farmers. Zimbabwe requires about 1,5 million metric tonnes of maize annually to meet demand. Agriculture Minister Joseph Made, who was also present at the meeting, said seed houses and fertilizer manufacturers had indicated that they have adequate capacity to meet the country's requirements. "The fertilizer companies have indicated that they are currently sitting on 60,000 metric tonnes of top dressing fertilizers and in the region of 40,000 metric tonnes of compounds, which is sufficient for us to kick start the programme. What might be important is that they would like to be assisted in terms of acquisition of raw materials and payments to foreign suppliers," said Made. *(The Source)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe scored an own goal by nationalising diamond mining in the vast Marange fields, with investment traffic to Zimbabwe falling by as much as 70 percent, Parliament heard on Thursday. Government ordered seven miners in Marange — Anjin Investments, Diamond Mining Company, Jinan, Kusena, Marange Resources, DTZ-Ozgeo and Mbada Diamonds — to cease operations on February 22 after they declined its proposals to nationalise the industry. It transferred all diamond concessions to the Zimbabwe Consolidated Diamond Company, a wholly-owned state entity. The government's action is under legal challenge by several of the miners. Zimbabwe Investment Authority (ZIA) board chairman Nigel Chanakira told a parliamentary committee on Indigenization and Economic Empowerment that mining usually attracts a lot of interest but government's action had put off potential investors. "On the mining side we observed some caution and slow down with investors waiting to see what would happen with the diamond sector, that seemed to set tremors in the mining sector and as a result we are 70 percent down in terms of the value of investment that we would normally have," said Chanakira. In 2014, the United Nations World Investment Report revealed that foreign direct investment (FDI) to the country had peaked at $545 million, largely driven by interest in mining. Last year Zimbabwe received a record $3,1 billion of investment applications, Chanakira said, but only $421 million of those materialized to real investment inflows. In contrast, regional peers Mozambique and Zambia still eclipse Zimbabwe's FDI performance despite registering significant declines in 2015, when they received $3, 7 billion and $1, 6 billion in investment, respectively. Chanakira also added that up to eight laws, including the Companies and Deeds Registry Act, Small Claims Act and Insolvency Act, needed to be amended to facilitate faster processing of investment applications. "Our track record for attracting FDI is not necessarily a good one. We saw the speed at which parliament was able to amend the labour laws in 2015. I believe (investment is) a more urgent matter which will ensure that more people are employed and should be treated with the same speed, if not more," said Chanakira. *(The Source)*

Zimbabwe's manufacturing capacity utilization – a measure of industry's use of installed productive potential – is seen flat at 34,4 percent, attributed to capital constraints and antiquated machinery, the Confederation of Zimbabwe Industries (CZI) has said. Last year, capacity utilization declined by 2,1 percentage points to 34,4 percent, from 36,5 percent in 2014. The industrial body conducts an annual survey of industrial development. CZI president Busisa Moyo said companies were facing many challenges, chief among them critical shortage of liquidity, power outages. "Our manufacturing sector survey will be out in the next 90 days, but we don't expect total output or capacity utilisation to have grown across the board although a few sectors may have experienced growth," Moyo told The Source. The survey last year indicated that poor economic recovery, compounded by mixed policy signals from government, had affected business confidence. Moyo, however, said exports have grown in some sectors such as packed horticultural products and local niche segments like mahewu production and milk production. Going forward, Moyo said as industry they were looking to value chains and production capacity and "how we can increase production to satisfy local demand looking by each sector." The CZI manufacturing report is the most comprehensive private-sector led survey, which assesses industrial performance. At least 15 economic sub-sectors are surveyed, including clothing and textile, pharmaceuticals, grain and milling, oil among other industrial manufacturing activities. *(The Source)*

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